

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  Leonard M. Shulman - Bar No. 126349 Rika Kido – Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: lshulman@shbllp.com rkido@shbllp.com  <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Lynda T. Bui, Chapter 7 Trustee	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

In re:  FRANK JOSEPH REDMOND,    Debtor(s).	CASE NO.: 6:14-bk-17941-MJ CHAPTER: 7   <p style="text-align: center;"><b>NOTICE OF SALE OF ESTATE PROPERTY</b></p>
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**Last Day to Submit Bids: 02/15/2017**

<b>Sale Date: Final Bidding Round/Court Hearing: 02/21/2017</b>	<b>Time: 10:00 am</b>
<b>Location: United States Bankruptcy Court, 3420 Twelfth Street, Ctrm. 301, Riverside, CA 92501</b>	

**Type of Sale:**  Public  Private      **Last date to file objections:** 02/07/2017

**Description of property to be sold:** Real Properties located at 299 N. Fairway Drive, Lake Arrowhead, CA 92352 and adjacent Vacant Lot, APN 0334-461-11

**Terms and conditions of sale:** Free and clear of liens, if any, pursuant to Bankruptcy Code §§ 363(b)(1) and (f)  
Purchase price of \$399,000.00, subject to overbids. See attached for Bidding Procedures.

**Proposed sale price:** \$ 399,000.00

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

**Overbid procedure (if any):** Potential overbidders must bid an initial amount of at least \$401,000.00. Minimum bid increments after that shall be \$1,000.00. See attached for more information.

**If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:**

February 21, 2017 at 10:00 a.m.

Courtroom 301

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

**Contact person for potential bidders (include name, address, telephone, fax and/or email address):**

Rika M. Kido, Esq.

SHULMAN HODGES & BASTIAN LLP

100 Spectrum Center Drive, Suite 600

Irvine, CA 92618

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Date: 01/31/2017

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6 Attorneys for Lynda T. Bui,  
Chapter 7 Trustee  
7

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

10 In re

11 **FRANK JOSEPH REDMOND,**

12 Debtors.

Case No. 6:14-bk-17941-MJ

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR  
ORDER:**

14 **(1) APPROVING THE SALE OF REAL  
PROPERTY OF THE ESTATE FREE AND  
15 CLEAR OF LIENS PURSUANT TO  
BANKRUPTCY CODE §§ 363(b)(1) AND (f),  
16 SUBJECT TO OVERBIDS, COMBINED  
WITH NOTICE OF BIDDING PROCEDURES  
17 AND REQUEST FOR APPROVAL OF THE  
BIDDING PROCEDURES UTILIZED;**

18 **(2) APPROVING PAYMENT OF REAL ESTATE  
19 COMMISSION AND OTHER COSTS; AND**

20 **(3) GRANTING RELATED RELIEF;**

21 **MEMORANDUM OF POINTS AND  
22 AUTHORITIES AND DECLARATIONS OF  
LYNDA T. BUI AND JAN NEIMAN IN SUPPORT  
23 THEREOF**

24 [Real Properties located at 299 N. Fairway Dr.,  
Lake Arrowhead, CA 92352 and Vacant Land, APN  
0334-461-11]

**Hearing Date:**

26 Date: February 21, 2017

27 Time: 10:00 a.m.

Place: Courtroom 301

3420 Twelfth Street

Riverside, CA 92501

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1 **TO THE HONORABLE MEREDITH A. JURY, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED**  
3 **PARTIES:**

4 Lynda T. Bui, the duly appointed, qualified and acting Chapter 7 trustee (“Trustee”) for  
5 the bankruptcy estate (“Estate”) of Frank Joseph Redmond (“Debtor”), hereby brings this Motion  
6 for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens  
7 Pursuant to Bankruptcy Code § 363(b)(1) and (f), Subject to Overbids, Combined With Notice of  
8 Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving  
9 Payment of Real Estate Commission; and (3) Granting Related Relief (“Motion”) as follows:

10 **I. INTRODUCTION**

11 The Trustee has received an offer from Artur Altunyan (“Buyer”) to purchase the real  
12 property located at 299 N. Fairway Drive, Lake Arrowhead, CA 92352, APN: 0335-501-01 and  
13 the adjacent vacant lot, APN: 0334-461-11 (“Property”) for the listing price of \$399,000.00,  
14 subject to overbids. Through the sale, the Trustee is expected to net approximately \$50,000.00<sup>1</sup>  
15 for the benefit of the Estate and its creditors. In the event the purchase price is increased by a  
16 successful overbid, the amount of funds received by the Estate will increase. If the sale is  
17 approved, the Estate will receive additional funds to provide for a distribution to unsecured  
18 creditors. In summary, the Trustee believes that good cause exists to grant the Motion so the  
19 Trustee does not lose this favorable business opportunity.

20 **II. RELEVANT FACTS**

21 **A. Case Background**

22 The Debtor filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code  
23 on June 18, 2014 (“Petition Date”).

24 On March 3, 2015, the Court entered an order (Docket No. 44) converting the case to a  
25 Chapter 7. Lynda T. Bui is the duly appointed, qualified and acting Chapter 7 trustee for the  
26 Debtor’s Estate.

27  
28 <sup>1</sup> This amount includes the carve-outs reached between the Estate and Fracasse (defined below), and the Estate and the Broker (defined below).

1 **B. Claims Against the Estate and Resolution With Fracasse**

2 The last day to timely file a proof of claim in the Debtors' bankruptcy case was July 7,  
3 2015. There were eleven (11) claims filed in this case for a total amount of \$1,880,651.91,  
4 including secured claims for \$1,045,673.00 and a priority claim for \$650.00.

5 On May 9, 2016, the Court entered the *Order Granting Chapter 7 Trustee's Motion for*  
6 *Order Approving Settlement and Compromise of Disputes Under Federal Rule of Bankruptcy*  
7 *Procedure 9019 Between the Bankruptcy Estate and Richard Scott Fracasse*, Docket No. 106  
8 ("Settlement Order"). Pursuant to the Settlement Order, the proof of claim (Claim 7-1) filed by  
9 Richard Scott Fracasse ("Fracasse") was withdrawn and waived against the Estate. After taking  
10 into account the Settlement Order, the claims body for this case includes one (1) priority claim  
11 for \$650.00 and unsecured claims totaling \$54,920.90.

12 As provided in the Settlement Agreement which the Court approved by the Settlement  
13 Order, the Trustee and Fracasse agreed that they would split – fifty-five percent (55%) to the  
14 Trustee and forty-five percent (45%) to Fracasse – the net proceeds received (e.g. after deducting  
15 costs of sale, real property taxes, liens and encumbrances) from the sale of the Property. In other  
16 words, the Settlement Agreement provided that the Trustee would receive a carve-out of fifty-  
17 five percent (55%) of Fracasse's abstract of judgment against the Property.

18 **C. The Property and Sale of the Property**

19 On his Schedule A, the Debtor lists the Property, which is legally described on Schedule  
20 A of the Preliminary Title Report dated January 20, 2017 ("Title Report"), a copy of which is  
21 attached as **Exhibit "1"** to the Declaration of Lynda T. Bui ("Bui Decl."). The Debtor valued  
22 the Property at \$780,000.00. On his Schedule D, the Debtor listed the following secured claims  
23 against the Property: (1) secured lien for Chase in the amount of \$168,488.00; (2) judgment lien  
24 in favor of Richard Scott Fracasse in the amount of \$1,518,331.57; and (3) real property taxes  
25 owed to San Bernardino County in an unknown amount. The Debtor did not claim any  
26 exemptions in the Property (having stated he was entitled to a homestead exemption in another  
27 property).

28 ///

1 After conducting an on-site inspection, the Broker (defined below) informed the Trustee  
2 that the Property was worth approximately \$699,000.00 and that the Broker recommended listing  
3 the Property for sale at \$699,000.00. The Property has been unoccupied for some time.  
4 However, after advancing costs to clean the Property, further inspections of the Property and  
5 discovering a lot of deferred maintenance, the Broker recommended lowering the listing price to  
6 \$599,000.00. The Trustee agreed and the listing price was lowered to \$599,000.00 on June 16,  
7 2015.

8 After the Settlement Order had been entered (over one year after the Property had  
9 originally been listed), allowing for the Trustee to proceed with the sale of the Property, the  
10 Broker re-evaluated the Property and the impact of the deferred maintenance on the Property, and  
11 recommended that the Trustee lower the listing price for the Property to \$475,000.00. In June  
12 2016, as a result of lack of interest in the Property, the Broker recommended a further reduction  
13 of the listing price for the Property to \$425,000.00.

14 The Trustee received an offer for the Property at the listing price of \$425,000.00, but the  
15 buyer cancelled after further inspections of the Property. Given the first buyer's decision to  
16 cancel after initial inspections, the Broker recommended and the Trustee agreed to further reduce  
17 the listing price to \$399,000.00 in July 2016.

18 Prior to the offer which is the subject of this Motion, the Trustee received two (2)  
19 additional offers: (1) an offer for \$407,000.00 on August 28, 2016; and (2) an offer for  
20 \$399,000.00 on October 5, 2016. Both potential buyers cancelled during the contingency period  
21 due to the deferred maintenance to the Property.

22 The Buyer offered to purchase the Property for the amount of \$390,000.00. The Trustee  
23 negotiated with the Buyer and he agreed to the purchase price of \$399,000.00. The purchase  
24 price includes a deposit of \$11,970.00. Attached as **Exhibit "2"** to the Bui Decl. is a true and  
25 correct copy of the California Residential Purchase Agreement and Joint Escrow Instructions  
26 dated October 18, 2016, Addendum No. 1, Seller Counter Offer No. 1 and Addendum No. 2  
27 (collectively the "Agreement"). Given that the sale is subject to overbids, it is anticipated that  
28 the Trustee will receive the best and highest value for the Property and therefore the proposed

1 sale price is fair and reasonable.

2 Pursuant to the Title Report, title is held by the Debtor as follows: “Frank J. Redmond, a  
3 widower.” The following chart sets forth the liens and encumbrances against the Property as  
4 detailed in the Title Report and the proposed treatment of such liens and encumbrances through  
5 the sale:

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
San Bernardino County Tax Collector	Real property taxes for 299 N. Fairway Drive, Lake Arrowhead, CA 92352:  1) Delinquent taxes for 2014 and 2015 totaling \$17,954.47 (through October 2016); and  2) Unpaid first installment of 2016-2017 assessment in the amount of \$3,841.09  3) Pro rata share of second installment of 2016-2017 assessment in the amount of \$3,491.87 (estimated as approximately \$1,800.00 by 2/28/17).	\$23,595.56	All outstanding real property taxes will be paid through escrow on the sale transaction.
San Bernardino County Tax Collector	Real property taxes for adjacent vacant land, APN 0334-461-11:  4) Delinquent taxes for 2008, 2010, 2011, 2012, 2013, 2014, 2015 totaling \$11,899.69 (through January 31, 2017); and  5) Unpaid first installment of 2016-2017 assessment in the amount of \$592.07;  6) Pro rata share of second installment of 2016-2017 assessment in the amount of \$538.21 (estimated as approximately \$260.00 by 2/28/17).	\$12,751.76	All outstanding real property taxes will be paid through escrow on the sale transaction.

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
JPMorgan Chase Bank, NA	Deed of Trust recorded against the Property on May 16, 2002 in the amount of \$277,864.22, Recording No. 2002-0259575.  Assignment recorded against the Property on July 17, 2013, Recording No. 2013-0312481.	\$230,958.54 (as of 2/28/17)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
County of San Bernardino Land Use Services Department of Fire Hazard Abatement	Lien for abatement of public nuisance and assessment of cost and expenses	\$230.00	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
San Bernardino County Department of Public Works Solid Waste Management Division	Lien for delinquent sold waste collection charges	\$252.93	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
San Bernardino County Department of Public Works Solid Waste Management Division	Lien for delinquent solid waste collection charges	\$261.70	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
San Bernardino County Department of Public Works Solid Waste Management Division	Lien for delinquent solid waste collection charges	\$287.27	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.

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<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Barry L. Konier and Susan Konier	Abstract of Judgment for a judgment entered on September 1, 2009 in the amount of \$8,494.92 and recorded against the Property on December 16, 2009, Recording No. 2009-0558487	\$14,865.01 (as of 2/28/17)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
Richard Scott Fracasse	Abstract of Judgment for a judgment entered on August 21, 2009 in the amount of \$1,334,085.44 and recorded against the Property on October 11, 2012, Recording No. 2012-0423001 ("Fracasse Abstract")	\$2,338,487.41 (as of 2/28/17)	Pursuant to the Settlement Agreement entered into between the Trustee and Fracasse which was approved by the Settlement Order, the Trustee and Fracasse agreed that they would split – fifty-five percent (55%) to the Trustee and forty-five percent (45%) to Fracasse – the net proceeds received (e.g. after deducting costs of sale, real property taxes, liens and encumbrances) from the sale of the Property. In other words, the Settlement Agreement provided that the Trustee would receive a carve-out of fifty-five percent (55%) of the Fracasse Abstract.
Interinsurance exchange of the Automobile Club, an interinsurance exchange ("Interinsurance Lien")	Abstract of Judgment for judgment entered on June 25, 2012 in the amount of \$21,252.53 and recorded against the Property on July 30, 2013, Recording No. 2013-0334421	\$31,203.35 (as of 2/28/17)	This lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien pursuant to 11 U.S.C. §§ 363(f)(1) & (5) and the lien will <b>not</b> attach to the sale proceeds.

All liens will be released, discharged and terminated at the close of escrow, and the Property will be sold free and clear of all liens, and no liens will attach to the sale proceeds. Any liens junior to the Fracasse Abstract may file general unsecured claims in the Bankruptcy Estate to be paid pro-rata. All costs of sale including escrow fees, real estate commissions, and bankruptcy fee will be paid at closing. In addition, all outstanding real property taxes will be paid through the sale.

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1 **D. Employment of Real Estate Broker, Marketing Efforts and Basis for the Value of**  
2 **the Property**

3 On April 13, 2015, the Court entered an Order authorizing the employment of Neiman  
4 Realty as the Trustee's real estate broker ("Broker") to assist her with listing and marketing the  
5 Property for sale, as well as negotiating a sale price to prospective buyers to provide a benefit to  
6 the Estate ("Employment Order"), Docket No. 56.

7 **E. Notice of Bidding Procedures**

8 The Trustee has determined that it would benefit the Estate to permit all interested parties  
9 to receive information and bid for the Property instead of selling the Property to the Buyer on an  
10 exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the  
11 creditors of this Estate, the Trustee also seeks Court approval of the following bidding  
12 procedures ("Bidding Procedures"):

13 1. Potential overbidder(s) must bid an initial amount of at least \$2,000.00 over the  
14 Purchase Price, or \$401,000.00. Minimum bid increments thereafter shall be \$1,000.00. The  
15 Trustee shall have sole discretion in determining which overbid is the best for the Estate and will  
16 seek approval from the Court of the same.

17 2. Overbids must be in writing and be received by the Trustee and the Trustee's  
18 counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **three (3)**  
19 **business days prior to the hearing on this Motion.**

20 3. Overbids must be accompanied by certified funds in an amount equal to three  
21 percent (3%) of the overbid purchase price.

22 4. The overbidder must also provide evidence of having sufficient specifically  
23 committed funds to complete the transaction, or a lending commitment for the bid amount and  
24 such other documentation relevant to the bidder's ability to qualify as the purchaser of the  
25 Property and ability to close the sale and immediately and unconditionally pay the winning bid  
26 purchase price at closing.

27 5. The overbidder must seek to acquire the Property on terms and conditions not less  
28 favorable to the Estate than the terms and conditions to which the Buyer has agreed to purchase  
the Property as set forth in the Agreement attached as **Exhibit "2"** to the Bui Decl. including  
closing on the sale of the Property in the same time parameters as the Buyer.

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1           6. All competing bids must acknowledge that the Property is being sold on an “AS  
2 IS” basis without warranties of any kind, expressed or implied, being given by the Trustee,  
3 concerning the condition of the Property or the quality of the title thereto, or any other matters  
4 relating to the Property. The competing bid buyer must represent and warrant that he/she is  
5 purchasing the Property as a result of their own investigations and are not buying the Property  
6 pursuant to any representation made by any broker, agent, accountant, attorney or employee  
7 acting at the direction, or on the behalf of the Trustee. The competing bidder must acknowledge  
8 that he/she has inspected the Property, and upon closing of Escrow governed by the Agreement,  
9 the competing buyer forever waives, for himself/herself, their heirs, successors and assigns, all  
10 claims against the Debtors, her attorneys, agents and employees, the Debtors’ Estate, Lynda T.  
11 Bui as Trustee and individually, and her attorneys, agents and employees, arising or which might  
12 otherwise arise in the future concerning the Property.

13           7. If overbids are received, the final bidding round for the Property shall be held at  
14 the hearing on the Motion in order to allow all potential bidders the opportunity to overbid and  
15 purchase the Property. At the final bidding round, the Trustee or her counsel will, in the exercise  
16 of their business judgment and subject to Court approval, accept the bidder who has made the  
17 highest and best offer to purchase the Property, consistent with the Bidding Procedures  
18 (“Successful Bidder”).

19           8. At the hearing on the Motion, the Trustee will seek entry of an order, *inter alia*,  
20 authorizing and approving the sale of the Property to the Successful Bidder. The hearing on the  
21 Motion may be adjourned or rescheduled without notice other than by an announcement of the  
22 adjourned date at the hearing on the Motion.

23           9. In the event the Successful Bidder fails to close on the sale of the Property within  
24 the time parameters approved by the Court, the Trustee shall retain the Successful Bidder’s  
25 Deposit and will be released from her obligation to sell the Property to the Successful Bidder and  
26 the Trustee may then sell the Property to the first back-up bidder approved by the Court at the  
27 hearing on the Motion (“First Back-Up Bidder”).

28           10. In the event First Back-Up Bidder fails to close on the sale of the Property within  
the time parameters approved by the Court, the Trustee shall retain the First Back-Up Bidder’s  
Deposit and will be released from her obligation to sell the Property to the First Back-Up Bidder  
and the Trustee may then sell the Property to the second back-up bidder approved by the Court at  
the hearing on the Motion (“Second Back-Up Bidder”).

          The Bid Procedures will be provided to all creditors and any potential bidders or parties  
who have shown an interest in the Property. In addition, the Court’s mandatory form Notice of  
Sale of Estate Property will be filed with the Court so that notice of the sale of the Property may  
be posted on the Court’s website under the link “Current Notices of Sales,” thereby giving notice  
to any potential interested parties.

          Based on the foregoing, the Trustee believes that under the circumstances of this case, the  
Property will have been appropriately marketed for bidding.

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1 **III. ARGUMENT<sup>2</sup>**

2 **A. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of**  
3 **the Estate**

4 The duties of a trustee in a Chapter 7 filing are enumerated in Section 704 of the  
5 Bankruptcy Code, which provide in relevant part as follows:

- 6 (a) The trustee shall—  
7 (1) collect and reduce to money the property of the estate for which  
8 such trustee serves, and close such estate as expeditiously as is  
9 compatible with the best interests of parties in interest;  
10 (2) be accountable for all property received;

11 U.S.C. § 704.

12 Further, the Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. §  
13 363(b). Courts will ordinarily approve a proposed sale if there is a good business reason for the  
14 sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136  
15 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

16 In this case, the sale is expected to net the Estate approximately \$50,000.00<sup>3</sup>, from the carve-out  
17 agreements between (1) the Estate and Fracasse and (2) the Estate and the Broker (see below).

18 **B. The Proposed Sale Should be Allowed Free and Clear of Liens**

19 Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate  
20 “free and clear of any interest in such property of an entity,” if any one of the following five  
21 conditions is met:

- 22 (1) applicable non-bankruptcy law permits a sale of such property free  
23 and clear of such interest;  
24 (2) such entity consents;  
25 (3) such interest is a lien and the price at which such property is to be  
26 sold is greater than the aggregate value of all liens on such property;  
27 (4) such interest is in bona fide dispute; or

28 ///

<sup>2</sup> Although Local Bankruptcy Rule 6004-1(c)(2)(C) does not require that a memorandum of points and authorities be filed in support of the Motion, the Trustee is nevertheless submitting one.

<sup>3</sup> This amount includes the carve-outs reached between the Estate and Fracasse (defined below), and the Estate and the Broker (defined below).

1 (5) such entity could be compelled, in a legal or equitable proceeding,  
2 to accept money satisfaction of such interest.

3 11 U.S.C. § 363(f).

4 Section 363(f) is written in the disjunctive and thus only one of the enumerated  
5 conditions needs to be satisfied for Court approval to be appropriate. The Trustee proposes to  
6 sell the Property free and clear of any and all liens junior (“Junior Lien(s)”) to the Fracasse  
7 Abstract, including the Interinsurance Lien, under Section 363(f)(1) and/or Section 363(f)(5) as  
8 in California, judicial and non-judicial foreclosures can be used to wipe out such Junior Liens.  
9 *See* 11 U.S.C. § 363(f)(1) (stating that a trustee may sell property of the estate free and clear of  
10 liens or other interest when applicable nonbankruptcy law permits such a sale free and clear of  
11 liens and interests). The Bankruptcy Appellate Pane in *Clear Channel* stated that an example of  
12 a Section 363(f)(1) sale is Uniform Commercial Code Section 9-320, which permits a sale free  
13 and clear of a consensual security interest if the collateral is sold in the ordinary course of  
14 business of the debtor. *See Clear Channel Outdoor, Inc. v. Knupfer (In re PW, LLC)*, 391 B.R.  
15 25, 41 (9th Cir B.A.P. 2008), fn. 21; Cal. Civ. Code § 2924 *et seq.* Similarly, Bankruptcy Courts  
16 have expressed that the availability of foreclosure sales outside of bankruptcy represent a “legal  
17 or equitable proceeding,” thus allowing a bankruptcy trustee to sell the subject property free and  
18 clear of liens under § 363(f)(5). *See e.g., In re Jolan, Inc.*, 403 B.R. 866, 869-870 (Bankr. W.D.  
19 Wash., 2009); *In re Boston Generating, LLC*, 440 B.R. 302, 333 (Bankr. S.D.N.Y. 2010); *In re*  
20 *Aerisa, Inc.*, 2:09-bk-18456-RJH (Bankr. D. Ariz).

21 In this case, if the senior lienholder (i.e. Fracasse) elected to foreclose on his interest  
22 outside of bankruptcy, every junior interest in the Property would be extinguished  
23 notwithstanding the fact that the foreclosure sale price may or may not pay such extinguished  
24 interests in full, or at all. In such a foreclosure proceeding, the Junior Lien(s) would be forced to  
25 accept the distribution allowed by the resulting foreclosure sale price, in full satisfaction of its  
26 released lien.<sup>4</sup> This hypothetical foreclosure sale situation clearly meets each element of Section  
27 363(f)(5) to authorize the sale of the Property free and clear of all interests, as it actively

28 <sup>4</sup> In the hypothetical foreclosure setting for a money satisfaction of the senior lienholder’s interest, the holder of any  
junior liens may still have general unsecured claims against the Estate for the amounts that are not paid.

1 demonstrates that a junior interest such as the holder of the Junior Lien herein “could be  
2 compelled, in a legal or equitable proceeding [i.e. the foreclosure sale], to accept money  
3 satisfaction [i.e. the distribution allowed pursuant to the foreclosure sale price] of such interest.”  
4 11 U.S.C. § 363(f)(5). Accordingly, the Court has the authority to approve the sale of the  
5 Property free and clear of the Junior Lien(s), if any, under Bankruptcy Code Sections  
6 363(f)(1) and/or 363(f)(5).

7 **C. Request for Payment of Real Estate Commission**

8 Bankruptcy Code Section 328 allows employment of a professional person under Section  
9 327 “on any reasonable terms and conditions of employment, including on a retainer, on an  
10 hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. §  
11 328(a). Through this Motion, as provided in the Agreement, the Trustee seeks authorization to  
12 pay a real estate broker commission (as they have agreed amongst themselves in the Agreement)  
13 in the amount of six percent (6%) of the purchase price (or \$23,940.00).<sup>5</sup> The Broker and the  
14 buyer’s broker have agreed to reduce the total commission to four percent (4%) of the purchase  
15 price (or \$15,960.00) and provide the Estate (and only to the Estate) with a carve-out of  
16 \$7,980.00 in order to provide additional funds for the benefit of unsecured creditors.

17 **D. Request for Payment of Broker’s Costs, Buyer’s Costs and Real Property Insurance**

18 **Costs**

19 The Trustee seeks authorization to reimburse the Buyer and Trustee Insurance Agency  
20 (which agreed to advance the costs of real property insurance on the Property) for costs advanced  
21 by each for the Property. In order to conduct his due diligence and be able to fully inspect the  
22 Property, the Buyer had to advance costs to pay the past due water bill for the Property.  
23 Specifically, the Buyer paid \$2,138.00 to Crestline-Lake Arrowhead Water Agency on January  
24 17, 2017. The Trustee agreed that the Buyer would be reimbursed for this cost through escrow  
25 even if he is not the Successful Overbidder.

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28 <sup>5</sup> The total amount of real estate broker’s commission will increase if the purchase price for the Property is increased  
by a successful overbid; but in no event will exceed six percent (6%) of the purchase price.

1 Since the Property was not insured and in order to protect the Estate’s interest in the  
2 Property, the Trustee worked with the Trustee Insurance Agency to ensure that the Property was  
3 insured. The Trustee Insurance Agency agreed to advance costs to provide insurance for the  
4 Property so long as it was reimbursed through escrow. Accordingly, the Trustee also seeks  
5 authorization to reimburse Trustee Insurance Agency in the amount of \$10,351.00<sup>6</sup> (as of  
6 February 28, 2017) and for any additional insurance expenses (expected to be less than \$500.00)  
7 from February 28, 2017 through the close of escrow.

8 **E. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

9 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the  
10 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days  
11 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

12 The Trustee desires to close the sale of the Property as soon as practicable after entry of  
13 an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion  
14 provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen (14) day  
15 stay requirement.

16 **III. CONCLUSION**

17 **WHEREFORE**, based upon the foregoing, the Trustee respectfully submits that good  
18 cause exists for granting the Motion and requests that the Court enter an order as follows:

- 19 1. Approving the Bidding Procedures set forth above for the sale of the Property.
- 20 2. Authorizing the Trustee to sell the Property on an as-is, where-is basis, without  
21 any warranties or representations, to the Buyer (or Successful Bidder) pursuant to the terms and  
22 conditions as set forth in the Agreement attached as **Exhibit “2”** to the Bui Decl.
- 23 3. Authorizing the sale of the Property free and clear of liens.

24  
25 <sup>6</sup> Trustee Insurance Agency also agreed to advance costs to provide insurance for the real property located at 41750  
26 Avenida Ortega, Temecula, California 92592 (“Temecula Property”). The disposition of the Temecula Property was  
27 among the terms of the Settlement Agreement with Fracasse. The Trustee was advised on April 26, 2016 (at the  
28 hearing for approval of the Settlement Agreement), that Fracasse had placed insurance on the Temecula Property.  
The Trustee is in the process of working out a resolution since the Temecula Property was doubly covered.  
However, if Trustee Insurance Agency is unable or unwilling to waive or reduce the costs for insuring the Temecula  
Property, up to an additional \$6,862.45 will need to be paid to Trustee Insurance Agency to cover all real property  
insurance costs advanced by it in this case.

1 4. Authorizing the Trustee to pay from the proceeds of the sale of the Property all  
2 ordinary and customary costs of sale, including escrow fees.

3 5. Authorizing the Trustee to sign any and all documents convenient and necessary  
4 in pursuit of the sale as set forth above, including but not limited to any and all conveyances  
5 contemplated by the Agreement attached as **Exhibit "2"** to the Bui Decl.

6 6. A determination by the Court that the Buyer is in good faith pursuant to  
7 Bankruptcy Code Section 363(m).

8 7. Approving the payment of the real estate commission in the total amount not to  
9 exceed six percent (6%) of the purchase price.

10 8. Authorizing the Trustee to pay from the proceeds of the sale of the Property the  
11 amount of \$2,138.00 to the Buyer.

12 9. Authorizing the Trustee to pay from the proceeds of the sale of the Property the  
13 amount of \$10,351.00 and any additional insurance fees or costs (not to exceed \$500.00) until  
14 the close of escrow to Trustee Insurance Agency.

15 10. Waiving the fourteen day stay of the order approving the sale of the Property  
16 under Federal Rules of Bankruptcy Procedure 6004(h).

17 11. For such other and further relief as the Court deems just and proper under the  
18 circumstances of this case.

19 Respectfully submitted,

20 **SHULMAN HODGES & BASTIAN LLP**

21 Dated: January 31, 2017

22 /s/ Rika M. Kido  
Leonard M. Shulman  
Rika M. Kido  
Attorneys for Lynda T. Bui, Chapter 7 Trustee  
for the bankruptcy state of Frank Joseph Redmond

# **DECLARATION**

**DECLARATION OF LYNDA T. BUI**

I, Lynda T. Bui, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate of Frank Joseph Redmond (“Debtor”). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code § 363(b)(1) and (f), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief (“Motion”).

3. I have read and I am aware of the contents of the Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. The last day to timely file a proof of claim in the Debtors’ bankruptcy case was July 7, 2015. There were eleven (11) claims filed in this case for a total amount of \$1,880,651.91, including secured claims for \$1,045,673.00 and a priority claim for \$650.00.

5. On May 9, 2016, the Court entered the *Order Granting Chapter 7 Trustee’s Motion for Order Approving Settlement and Compromise of Disputes Under Federal Rule of Bankruptcy Procedure 9019 Between the Bankruptcy Estate and Richard Scott Fracasse*, Docket No. 106 (“Settlement Order”). Pursuant to the Settlement Order, the proof of claim (Claim 7-1) filed by Richard Scott Fracasse (“Fracasse”) was withdrawn and waived against the Estate.

6. After taking into account the Settlement Order, the claims body for this case includes one (1) priority claim for \$650.00 and unsecured claims totaling \$54,920.90.

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1           7.       As provided in the Settlement Agreement which was approved by the Settlement  
2 Order, Fracasse and I agreed that we would split – fifty-five percent (55%) to the Trustee and  
3 forty-five percent (45%) to Fracasse – the net proceeds received (e.g. after deducting costs of  
4 sale, real property taxes, liens and encumbrances) from the sale of the Property. In other words,  
5 the Settlement Agreement provided that I would receive a carve-out of fifty-five percent (55%)  
6 of Fracasse’s abstract of judgment against the Property.

7           8.       On his Schedule A, the Debtor lists the Property, which is legally described on  
8 Schedule A of the Preliminary Title Report dated January 20, 2017 (“Title Report”), a copy of  
9 which is attached hereto as **Exhibit “1”**. The Debtor valued the Property at \$780,000.00. On his  
10 Schedule D, the Debtor listed the following secured claims against the Property: (1) secured lien  
11 for Chase in the amount of \$168,488.00; (2) judgment lien in favor of Richard Scott Fracasse in  
12 the amount of \$1,518,331.57; and (3) real property taxes owed to San Bernardino County in an  
13 unknown amount. The Debtor did not claim any exemptions in the Property (having stated he  
14 was entitled to a homestead exemption in another property).

15           9.       After conducting an on-site inspection, the Broker informed me that the Property  
16 was worth approximately \$699,000.00 and that the Broker recommended listing the Property for  
17 sale at \$699,000.00. However, after advancing costs to clean the Property (including costs to  
18 spray the Property for spiders, ants, etc.), further, more thorough, inspections of the Property and  
19 discovering a lot of deferred maintenance (e.g. water marks in several rooms, broken wooden  
20 stairs, possible mold issues, etc.), the Broker recommended lowering the listing price to  
21 \$599,000.00. I agreed and the listing price was lowered to \$599,000.00 on June 16, 2015.

22           10.      The Broker conducted several open houses for the Property. While there was a  
23 lot of interest in the Property, prospective buyers’ brokers advised the Broker that the Property  
24 likely was likely to sell for more in mid \$400,000.00 range than high \$500,000.00 range due to  
25 the obvious deferred maintenance.

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1 11. After the Settlement Order had been entered (over one year after the Property had  
2 originally been listed), allowing for me to proceed with the sale of the Property, the Broker re-  
3 evaluated the Property and the impact of the deferred maintenance on the Property, and  
4 recommended that I lower the listing price for the Property to \$475,000.00.

5 12. One month later, in June 2016, as a result of lack of interest in the Property, the  
6 Broker recommended a further reduction of the listing price for the Property to \$425,000.00.

7 13. I received an offer for the Property at the listing price of \$425,000.00, but the  
8 buyer cancelled after further inspections of the Property. Given the first buyer's decision to  
9 cancel after initial inspections, the Broker recommended and I agreed to further reduce the listing  
10 price to \$399,000.00 in July 2016.

11 14. Prior to the offer which is the subject of this Motion, I received two (2) additional  
12 offers: (1) an offer for \$407,000.00 on August 28, 2016; and (2) an offer for \$399,000.00 on  
13 October 5, 2016. Both potential buyers cancelled during the contingency period due to the  
14 deferred maintenance to the Property.

15 15. Artur Altunyan (the "Buyer") has offered to purchase the Property for the listing  
16 price of \$399,000.00. The purchase price includes a deposit of \$11,970.00. Attached hereto as  
17 **Exhibit "2"** is a true and correct copy of the California Residential Purchase Agreement and  
18 Joint Escrow Instructions dated October 18, 2016, Addendum No. 1, Seller Counter Offer No. 1  
19 and Addendum No. 2 (collectively the "Agreement").

20 16. Through the sale, I expect to generate proceeds of approximately \$50,000.00<sup>7</sup>,  
21 which will benefit the Estate by providing funds for a distribution to the holders of unsecured  
22 claims.

23 17. In the Motion, I also seek authorization to reimburse the Buyer and Trustee  
24 Insurance Agency (which agreed to advance the costs of real property insurance on the Property)  
25 for costs advanced by each for the Property. In order to conduct his due diligence and be able to  
26 fully inspect the Property, the Buyer had to advance costs to pay the past due water bill for the  
27

28 <sup>7</sup> This amount includes the carve-outs reached between the Estate and Fracasse (defined below), and the Estate and the Broker (defined below).

1 Property. Specifically, the Buyer paid \$2,138.00 to Crestline-Lake Arrowhead Water Agency on  
2 January 17, 2017. I agreed that the Buyer would be reimbursed for this cost through escrow  
3 even if he is not the Successful Overbidder. Attached hereto as **Exhibit "3"** is the receipt for the  
4 funds advanced by the Buyer to pay Crestline-Lake Arrowhead Water Agency.

5 18. Since the Property was not insured and in order to protect the Estate's interest in  
6 the Property, I worked with Trustee Insurance Agency to ensure that the Property was insured.  
7 Trustee Insurance Agency agreed to advance costs to provide insurance for the Property so long  
8 as it was reimbursed through escrow. Accordingly, in the Motion, I also seeks authorization to  
9 reimburse Trustee Insurance Agency in the amount of \$10,351.00<sup>8</sup> (as of February 28, 2017) and  
10 for any additional insurance expenses (expected to be less than \$500.00) from February 28, 2017  
11 through the close of escrow. Attached hereto as **Exhibit "4"** is a true and correct copy of  
12 Trustee Insurance Agency's Statement dated January 18, 2017.

13 19. I believe that good cause exists to grant the Motion including approval of the  
14 Bidding Procedures to ensure receiving the highest and best offer for the Property.

15 20. For the reasons set forth in the Motion and this Declaration, I respectfully request  
16 that the Court grant the Motion so that I do not lose this favorable business opportunity to net a  
17 substantial amount of money for the Estate.

18 I declare under penalty of perjury under the laws of the United States of America that the  
19 foregoing is true and correct.

20 Executed on January 31, 2017, at Irvine, California.

21   
22 Lynda T. Bui

23  
24  
25 <sup>8</sup> Trustee Insurance Agency also agreed to advance costs to provide insurance for the real property located at 41750  
26 Avenida Ortega, Temecula, California 92592 ("Temecula Property"). The disposition of the Temecula Property was  
27 among the terms of the Settlement Agreement with Fracasse. I was advised on April 26, 2016 (at the hearing for  
28 approval of the Settlement Agreement), that Fracasse had placed insurance on the Temecula Property. I am in the  
process of working out a resolution since the Temecula Property was doubly covered. However, if Trustee  
Insurance Agency is unable or unwilling to waive or reduce the costs for insuring the Temecula Property, up to an  
additional \$6,862.45 will need to be paid to Trustee Insurance Agency to cover all real property insurance costs  
advanced by it in this case.

# **DECLARATION**

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**DECLARATION OF JAN NEIMAN**

I, Jan Neiman, declare:

1. I am the Trustee's<sup>9</sup> real estate broker. On April 13, 2015, the Court entered the Employment Order which authorized me to assist the Trustee with listing and marketing the Property for sale, as well as negotiating a sale price to prospective buyers to provide a benefit to the Estate. I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of the Trustee's Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code § 363(b)(1) and (f), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Motion").

3. After conducting an on-site inspection, I informed the Trustee that the Property was worth approximately \$699,000.00 and that the I recommended listing the Property for sale at \$699,000.00. However, after advancing costs to clean the Property (including costs to spray the Property for spiders, ants, etc.), further inspections of the Property and discovering a lot of deferred maintenance (e.g. water marks in several rooms, broken wooden stairs, possible mold issues, etc.), I recommended lowering the listing price to \$599,000.00.

4. I conducted several open houses for the Property. While there was a lot of interest in the Property, prospective buyers' brokers advised me that the Property likely was likely to sell for more in mid \$400,000.00 range than high \$500,000.00 range due to the obvious deferred maintenance.

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<sup>9</sup> All capitalized terms have the meaning set forth in the Motion.

1           5.       Active marketing of the Property was delayed while the Trustee worked out an  
2 agreement with Fracasse which would allow the sale of the Property. After I was advised by the  
3 Trustee in May 2016 that the Court had approved a resolution with Fracasse, I re-evaluated the  
4 Property and the impact of the deferred maintenance on the Property, and recommended that the  
5 Trustee lower the listing price for the Property to \$475,000.00.

6           6.       One month later, in June 2016, as a result of lack of interest in the Property, I  
7 recommended a further reduction of the listing price for the Property to \$425,000.00.

8           7.       Through me, the Trustee received an offer for the Property at the listing price of  
9 \$425,000.00, but the buyer cancelled after further inspections of the Property. Given the first  
10 buyer's decision to cancel after initial inspections, I recommended and the Trustee agreed to  
11 further reduce the listing price to \$399,000.00 in July 2016.

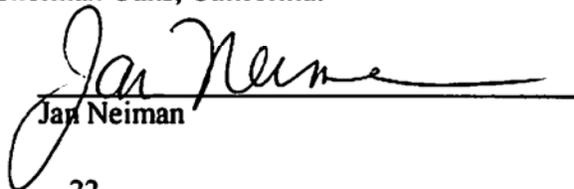
12           8.       Prior to the offer which is the subject of this Motion, through me, the Trustee  
13 received two additional offers: (1) an offer for \$407,000.00 on August 28, 2016; and (2) an offer  
14 for \$399,000.00 on October 5, 2016. Both potential buyers cancelled during the contingency  
15 period due to the deferred maintenance to the Property.

16           9.       I have advanced costs to clean the Property and change the locks on the Property,  
17 which I have agreed to waive to increase the funds available to unsecured creditors.

18           10.      The Buyer's broker and I have agreed to reduce the total commission we will  
19 receive for selling the Property to four percent (4%) of the purchase price (or \$15,960.00) so that  
20 we can provide the Estate (and only to the Estate) with a carve-out of \$7,980.00 in order to  
21 provide additional funds for the benefit of unsecured creditors. Attached hereto as **Exhibit "5"**  
22 is a true and correct copy of the emails exchanged between the Buyer's broker and I regarding  
23 the reduction of our commission.

24           I declare under penalty of perjury under the laws of the United States of America that the  
25 foregoing is true and correct.

26           Executed on January 31, 2017, at Sherman Oaks, California.

27  
28             
Jan Neiman

# **EXHIBIT 1**

# TITLE SNAPSHOT GRADE

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362  
Toll Free: (877)365-9365 | Direct: (805) 367-5628

# C

## What does this grade mean?

**A** = No title curative issues

**B** = Issues to pay or clear

**C** = Liens to clear

**D** = Title curative issues

## REO transactions only:

**E** = REO curative issues

**R** = IRS curative issues

## Prepared On

January 20, 2017

## Order Number

CA0610-16001351-60

## Loan Number

## Property Address

299 North Fairway Drive  
Lake Arrowhead, CA 92352

## Title is Vested in

- Frank J. Redmond, a widower, subject to proceedings pending in the bankruptcy court where a petition for relief was filed:

Name of Debtor: Frank Joseph Redmond

Date of Filing: June 18, 2014

U.S. District Court: Central District of California (Riverside)

Case No: bk-17941-MJ

Disclosed by: Chapter 7

## Issues to Pay or Clear at Closing

Issue	Description
<ul style="list-style-type: none"> <li><b>Delinquent Real Estate Taxes</b></li> </ul>	The record reflects unpaid Real Estate taxes and/or assessments that are delinquent for the current or prior tax year(s).
<ul style="list-style-type: none"> <li><b>Possible Judgments and Lien(s)</b></li> </ul>	The record reflects one or more miscellaneous judgments and liens associated to the vested owner(s). Payoff or Subordination may be necessary.
<ul style="list-style-type: none"> <li><b>Municipal Lien</b></li> </ul>	Lien against property for unpaid municipal charges, such as water, sidewalk maintenance, etc.

## Liens to Clear/Potential Failure of Title

Issue	Description
<ul style="list-style-type: none"> <li><b>Bankruptcy</b></li> </ul>	The record reflects an open or recent Bankruptcy. Additional documentation may be required.

## Questions

For questions regarding this

Title Snapshot, please contact:

Mindy Beckham / Steve Lopez

(805) 367-5628

WLVTitle@Title365.com

The Title Snapshot is intended for informational purposes only. It is not intended as a guaranty, affirmation, indemnification, or certification of any fact, insurance coverage or conclusion of law to any insured or party to a transaction. No liability for reliance thereon is inferred, implied or expressed.

# TITLE365

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362  
Toll Free: (877)365-9365 | Direct: (805) 367-5628

## PRELIMINARY REPORT

A & A Escrow Services, Inc.  
415 N. Crescent Drive, Suite 320  
Beverly Hills, CA 90210  
Attn: Antonia Delgado

Our Order: CA0610-16001351-60  
Escrow Ref: 103961-AA  
Listing Agent Ref: 299 Fairway  
**When Replying Please Contact:**  
Title365 Company  
4195 East Thousand Oaks Boulevard, Suite 107  
Westlake Village, CA 91362  
Attn: Mindy Beckham / Steve Lopez  
(805) 367-5628

Today's Date: January 20, 2017

### Property Address: 299 North Fairway Drive, Lake Arrowhead, CA 92352

In response to the application for a Policy of Title Insurance, Title365 Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein and/or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies of Title Insurance are set forth in Exhibit B attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit B. Copies of the Policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Exhibit B of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the Policy or Policies of Title Insurance and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a Policy or Policies of Title Insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a Policy or Policies of Title Insurance, a Binder or Commitment should be requested.

**Dated as of January 10, 2017, at 07:30 AM.**



Mindy Beckham / Steve Lopez  
Title Officer / Title Officer  
WLVTitle@Title365.com

### The form of policy of title insurance contemplated by this report is:

ALTA Loan Policy 2006 with ALTA Endorsement-Form 1 Coverage CLTA Owners Policy (1/01/08) Underwritten by:  
First American Title Insurance Company

## SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A Fee

Title to said estate or interest at the date hereof is vested in:

Frank J. Redmond, a widower, subject to proceedings pending in the bankruptcy court where a petition for relief was filed:

Name of Debtor: Frank Joseph Redmond  
Date of Filing: June 18, 2014  
U.S. District Court: Central District of California (Riverside)  
Case No: bk-17941-MJ  
Disclosed by: Chapter 7

The land hereinafter referred to is situated in the Area of Lake Arrowhead, County of San Bernardino, State of CA, and is described as follows:

Parcel 1

Lot 70, Tract No. 9785, in the County of San Bernardino, State of California, as per plat recorded in Book 169 of maps, Page(s) 19 through 24, inclusive, records of said county; and amended in Book 202 of Maps, Pages 15 through 20, inclusive, records of said county.

Except therefrom all oil, gas, minerals and other hydrocarbons substances, lying below a depth of 500 feet, without the right of surface entry, as reserved in instruments of record.

Parcel 2

Lot 69, Tract No. 9785, in the County of San Bernardino, State of California, as per plat recorded in Book 169 of Maps, Pages 19 through 24, inclusive, records of said County; and amended in Book 202 of Maps, Pages 15 through 20, inclusive, records of said County.

Reserving therefrom all minerals, oil, gas, petroleum and other hydrocarbon substances from said land which underlies a plane parallel to and 500 feet below the present surface of said land for the purpose of prospecting for, the exploration, development, production, extraction and taking of said minerals, oil, gas, petroleum, other hydrocarbon substances and water from said land by means of mines, wells, derricks and other equipment from surface locations on adjoining or neighboring land or lying outside of the above described land; it being understood that the owner of such minerals, oil, gas, petroleum, other hydrocarbon substances and water, as set forth above, shall have no right to enter upon the surface of the above described land nor to use any of said land or any portion thereof above said plane parallel to and 500 feet below the present surface of the land for any purpose whatsoever.

APN: 0345-501-01-0-000  
APN: 0334-461-11-0-000

## SCHEDULE B

At the date hereof, Exceptions to coverage, in addition to the printed Exception and Exclusions contained in said policy form would be as follows:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2017 - 2018 which are a lien not yet payable.
2. General and Special City and/or County taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2016 - 2017:  
1st Installment: \$3,491.88 Delinquent  
Penalty: \$349.21  
2nd Installment: \$3,491.87 Open  
Penalty: \$359.21  
Exemption: Not Set Out  
Code Area: 105-032  
Assessment No. 0345-501-01-0-000

Said matter affects: Parcel 1

3. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year: 2014 - 2015  
Default No.: 0345-501-01-0-000  
Amounts to redeem for the above stated fiscal year (and subsequent years, if any) are:

Amount: \$17,749.17  
By: January 2017

Amount: \$17,954.48  
By: February 2017

Amount: \$18,159.78  
By: March 2017

Said matter affects: Parcel 1

4. General and Special City and/or County taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2016 - 2017:  
1st Installment: \$538.22 Delinquent  
Penalty: \$53.85  
2nd Installment: \$538.21 Open  
Penalty: \$63.85  
Exemption: Not Set Out  
Code Area: 105-032  
Assessment No. 0334-461-11-0-000

Said matter affects: Parcel 2

- 5. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year: 2008 - 2009

Default No.: 0345-501-01-0-000

Amounts to redeem for the above stated fiscal year (and subsequent years, if any) are:

Amount: \$17,749.17  
By: January 2017

Amount: \$17,954.48  
By: February 2017

Amount: \$18,159.78  
By: March 2017

Said matter affects: Parcel 2

- 6. Assessments, if any, for community facility districts affecting said land which may exist by virtue of assessment maps or notices filed by said districts. Said assessments are collected with the County Taxes.
- 7. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the revenue and taxation code of the State of California.
- 8. Water rights, claims or title to water in or under said land, whether or not shown by the public records.
- 9. Building setback line of fifteen (15') feet as shown on map recorded in Book 169 of Maps, Pages 19 through 24 and amended in Book 202 of Maps, Pages 15 through 20, inclusive, records of San Bernardino County.
- 10. The owner's certificate on the official map recites in part:

"We hereby certify that we are all and the only parties having any record title interest in the land subdivided, as shown on the annexed map, and we consent to the preparation and recordation of this final map. We hereby irrevocably offer to the County of San Bernardino, the public in general and to any of the several public utility companies which are authorized to serve in said subdivision, an easement for public roads, county highways and public utility purposes in, under, over, through and across Fairway Drive, Walnut Hills Drive and Cypress Drive, as shown on the annexed map. The expressed rights to the public in general and to the several utility companies shall be and remain inferior to the superior rights of the County of San Bernardino.

We also irrevocably offer to dedicate to the County of San Bernardino:

San Bernardino county drainage easements;

The privilege and right to extend and maintain drainage structures, 1/2 to 1 excavation and embankment slopes upon all of those certain lot areas where said slopes or embankments or drainage structures extend beyond the limits of the dedicated rights of way included within Tract No. 9785 wherever required for the construction and maintenance of road beds occupying the full width of said portions; also the privilege and right to plant and maintain grass, plants, and/or trees on said slopes for soil erosion protection of same. Said privilege and right shall be superior to the right of the grantors, and their heirs and assigns to lateral support.

We hereby reserve to ourselves, our heirs and assigns for the use and benefit of the Lake Arrowhead Sanitation District and the Crestline Lake Arrowhead Water Agency, who are authorized to serve in said subdivision, easements for sewer line and road and water line purposes, respectively, as delineated on said map.

- 11. An easement for the purpose shown below and rights incidental thereto as granted in a document:  
Granted to: Southern California Edison Company  
Purpose: above ground or underground conduits or both  
Recorded: September 28, 1983 as Instrument Number 83-226884, of Official Records.  
Affects: Within all streets, alleys, highways and public places; and within 6 feet of all front lot lines (also within 4 feet of all side lot lines), as shown on said Tract No. 9785.

12. The lien of an assessment for improvements for Lake Arrowhead District No. 85-3, evidenced by Notice of Assessment recorded January 6, 1987, in Book 40, Page 33, of Assessment Maps.
13. Covenants, conditions, and restrictions as set forth in instrument recorded November 24, 1987 as Instrument Number 87-415439, of Official Records, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.

Said covenants, conditions, and restrictions provide that a violation thereof shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value.

Said Covenants, Conditions and Restrictions have been modified by an instrument:

Executed by: James R. Smirl and Michele D. Smirl

Recorded: March 14, 1988 as Instrument Number 88-075093, of Official Records.

Said instrument also provides for the levy of assessments, the lien of which are stated to be subordinate to the lien of certain mortgages or deeds of trust made in good faith and for value.

An Easement for utilities and drainage purposes and incidental purposes as set forth in the above document.

Affects: Located within the rear 5 feet of said land

An Easement for Driveway purposes and incidental purposes as set forth in the above document.

Affects: said land

Reference is made to said document for full particulars.

Said Covenants, Conditions and Restrictions have been modified by an instrument:

Recorded: November 29, 1988 as Instrument Number 88-400106, of Official Records.

Said matter affects: Parcel 2

Said Covenants, Conditions and Restrictions have been modified by an instrument:

Recorded: November 29, 1988 as Instrument Number 88-400107, of Official Records.

Said matter affects: Parcel 2

14. The owner's certificate on the official map recites in part:

"We also irrevocably offer to dedicate to the County of San Bernardino:

San Bernardino County drainage easements;

All rights of vehicular ingress to or egress from Lots 63, 64, 66, 67, 88, 89,90, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107 and 108, over and across the Northerly lines of Lots 63 and 64, abutting Cypress Drive, over and across the Northerly lines of Lots 50 through 108, abutting Walnut Hills Drive, over and across the Easterly line of Lot 89, abutting Walnut Hills Drive;

The privilege and right to extend and maintain drainage structures, 1/2 to 1 excavation slopes, and embankment slopes upon all of those certain lot areas where said slopes or embankments or drainage structures extend beyond the limits of the dedicated rights of way included within Tract No. 9785 wherever required for the construction and maintenance of road beds occupying the full width of said portions, also the privilege and right to plant and maintain grass, plants, and/or trees on said slopes for soil erosion protection of same. Said privilege and right shall be superior to the right of the grantors, and their heirs and assigns to lateral support.

We hereby reserve to ourselves, our heirs and assigns for the use and benefit of the Lake Arrowhead Sanitation District and the Crestline Lake Arrowhead Water Agency, who are authorized to serve in said subdivision, easements for sewer line and road and water line purposes, respectively, as delineated on said map."

Said matter affects: Parcel 2

15. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:  
Amount: \$277,864.22  
Dated: May 16, 2002  
Trustor: Frank Redmond, an unmarried man  
Trustee: American Title Company, a California corporation  
Beneficiary: Washington Mutual Bank, FA, a federal association  
Recorded: May 21, 2002 as Instrument Number 2002-0259575 of Official Records.
- a. The beneficial interest of Federal Deposit Insurance Corporation. as receiver of Washington Mutual Bank F/K/A Washington Mutual Bank, FA, by JPMorgan Chase Bank, National Association, its Attorney-in-Fact POA Recorded: 1/15/2013 Doc#: 2013-0019656 under said deed of trust was assigned by assignment:  
To: JPMorgan Chase Bank, National Association  
Dated: July 12, 2013  
Recorded: July 17, 2013 as Instrument No. 2013-0312481, of official records.
- b. Said matter affects: Parcel 1
16. A Lien:  
For: The Abatement of the public nuisance and assessment of cost and expenses  
In favor of: County of San Bernardino Land Use Services Department Fire Hazard Abatement  
Amount: \$230.00 and any other amounts due thereunder.  
Recorded: December 9, 2011 as Instrument Number 2011-0524775, of official records.
- a. Said matter affects: Parcel 1
17. A Lien:  
For: Delinquent Solid Waste Collection Charges  
In favor of: San Bernardino County Department of Public Works Solid Waste Management Division  
Amount: \$252.93 and any other amounts due thereunder.  
Recorded: September 3, 2014 as Instrument Number 2014-0324329, of official records.
- a. Said matter affects: Parcel 1
18. A Lien:  
For: Delinquent Solid Waste Collection Charges  
In favor of: San Bernardino County Department of Public Works Solid Waste Management Division  
Amount: \$261.70 and any other amounts due thereunder.  
Recorded: September 3, 2015 as Instrument Number 2015-0385452, of official records.
- a. Said matter affects: Parcel 1
19. A Lien:  
For: Delinquent Solid Waste Collection Charges  
In favor of: San Bernardino County Department of Public Works Solid Waste Management Division  
Amount: \$287.27 and any other amounts due thereunder.  
Recorded: September 7, 2016 as Instrument Number 2016-0366073, of official records.
- a. Said matter affects: Parcel 1
20. Notice of Power to sell tax defaulted property for non-payment of delinquent taxes for the fiscal year 2008 - 2009  
Default No.: 0334-461-11-0-000  
Original Amount: \$527.75  
Recorded: February 2, 2015 as Instrument Number 2015-0038200, of Official Records.
- a. Said matter affects: Parcel 2

21. An Abstract of judgment recorded December 16, 2009 as Instrument No. 2009-0558487, of official records:  
Case No.: CIVSS 803061  
Entry Date: September 1, 2009  
Debtor: Frank J. Redmond  
Creditor: Barry L. Konier and Susan Konier  
Amount: \$8,494.92 and any other amounts due thereunder.
22. n Abstract of judgment recorded October 11, 2012 as Instrument No. 2012-0423001, of official records:  
Case No.: CIVDS 908983  
Entry Date: August 21, 2012  
Debtor: Frank J. Redmond  
Creditor: Richard Scott Fracasse  
Amount: \$1,334,085.44 and any other amounts due thereunder.
23. An Abstract of judgment recorded July 30, 2013 as Instrument No. 2013-0334421, of official records:  
Case No.: CIVDS906981  
Entry Date: June 25, 2012  
Debtor: Francis Joseph Redmond aka Frank J. Redmond  
Creditor: Interinsurance exchange of the Automobile Club, an interinsurance exchange  
Amount: \$21,352.53 and any other amounts due thereunder.
24. In order to complete this report, this Company requires a Statement of Information to be completed by the following party(ies),

Party(ies): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement(s) of Information.

**END OF SCHEDULE B**

# TITLE 365

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362  
Toll Free: (877)365-9365 | Direct: (805) 367-5628

Attn:

**Borrower: Artur Altunyan**

## **Lenders Supplemental Report**

The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented in order to reflect the following additional items relating to the issuance of an American Land Title Association loan policy form as follows:

- A. This report is preparatory to this issuance of an American Land Title Association loan policy of title insurance . This report discloses nothing, which would preclude the issuance of said American Land Title Association loan policy of title insurance with endorsement No. 100 attached thereto.
- B. The improvements on said land are designated as:  
Single Family (*Residential*)  
299 North Fairway Drive, in the Area of Lake Arrowhead, County of San Bernardino, State of California.
- C. Pursuant to information provided to Title365 Company as of the date hereinabove, the proposed insured loan amount is \$0.00 with the proposed insured lender being .
- D. The only conveyance(s) affecting said land recorded with 24 months of the date of this report are as follows:  
NONE

# TITLE 365

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362  
Toll Free: (877)365-9365 | Direct: (805) 367-5628

## Notes and Requirements Section

Note 1: On July 1, 1985, Assembly Bill 3132 became effective. Assembly Bill 3132 adds and repeals portions of Sections 480.3 and 480.4 of the Revenue and Taxation Code of the State of California.

The act requires the County Assessor and/or Recorder to make available a statutorily prescribed form entitled "Preliminary Change of Ownership Report". Said report must be completed by the buyer and filed concurrently with the recordation of the documents evidencing the change of ownership. Failure to present the Change of Ownership Report at the time of recordation will cause the County Recorder to charge an additional \$20.00 penalty recording fee. The fee cannot be charged if the transfer document is accompanied by the affidavit stating that the buyer/transferee is not a resident of the State of California. This report is for official use only and is not open to public inspection.

For further information, contact the Change of Ownership Section in the Assessor's Office located in the County of said property or the County Recorder's Office located in the County of said property.

Note 2: Attached are Privacy Policy Notices in compliance with the Gramm-Leach-Bliley Act (GLBA) effective July 1, 2001. Please review said Notices regarding personal information.

Note 3: The map attached hereto may or may not be a survey of the land depicted thereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. This company expressly disclaims any liability for alleged loss or damage which may result from reliance upon this map.

Note 4: Part of the RESPA Rule to simply and improve the process of obtaining mortgages and reduce consumer settlement costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Title365 Company retains 87% of the total premium and endorsements.

Line 1108 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. First American Title Insurance Company retains 13% of the total premium and endorsements.

# TITLE 365

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362

Toll Free: (877)365-9365 | Direct: (805) 367-5628

## Notice Regarding Your Deposit of Funds

California Insurance Code Sections 12413 *et. Seq.* Regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow and sub-escrow accounts and be available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company via cashier's checks drawn on a California based bank may be disbursed the next business day after the day of deposit. If funds are deposited with by other methods, recording or disbursement may be delayed. All escrow and sub-escrow funds received by the Company will be deposited with other funds in one or more non-interest bearing escrow accounts of the Company in a financial institution selected by the Company. The Company and/or its parent company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and the Company shall have no obligation to account to the depositing party in any manner for the value of, or to pay such party, any benefit received by the Company and/or its parent Company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the Company and/or its parent company and earnings on investments made on the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the Company for its services in connection with the escrow or sub-escrow. If funds are to be deposited with **Title365 Company** by wire transfer, they should be wired to the following bank/account:

### Wiring Instructions for this Office

**Wire To:** City National Bank  
1801 West Olympic Blvd.  
Los Angeles, CA 90006  
Attn: Wire Department

**ABA/Routing No.:** 122016066

**Bank Account:** 555270860

**Account Name:** Title 365 Company

**Reference Order No.:** CA0610-16001351-60

**Property Address:** 299 North Fairway Drive  
Lake Arrowhead, CA 92352

**Attention:** Mindy Beckham / Steve Lopez

# TITLE 365

4195 East Thousand Oaks Boulevard, Suite 107, Westlake Village, CA 91362  
Toll Free: (877)365-9365 | Direct: (805) 367-5628

## WIRE INSTRUCTIONS

For incoming wire transfers please use the following information for the transfer of funds to  
**Title365 Company**

**Wire To:** City National Bank  
1801 West Olympic Blvd.  
Los Angeles, CA 90006  
Attn: Wire Department

**ABA/Routing No.:** 122016066

**Bank Account:** 555270860

**Account Name:** Title 365 Company

**Reference Order No.:** CA0610-16001351-60

**Property Address:** 299 North Fairway Drive  
Lake Arrowhead, CA 92352

**Attention:** Mindy Beckham / Steve Lopez

**PLEASE NOTE: OUR OFFICE DOES NOT ACCEPT ACH TRANSFERS, THESE INSTRUCTIONS ARE FOR THE PURPOSE OF SENDING WIRE TRANSFERS ONLY.**

**ALL INCOMING WIRE TRANSFERS MUST CONTAIN OUR ORDER NUMBER, PROPERTY ADDRESS OR PRINCIPAL'S NAME FOR IDENTIFICATION PURPOSES.**

Do not hesitate to contact the undersigned should you or your financial institution have any questions with regards to the information provided above.

Sincerely,  
Title365 Company



Mindy Beckham / Steve Lopez  
Title Officer / Title Officer  
WLVTitle@Title365.com  
(805) 367-5628

## PRIVACY POLICY NOTICE

We are committed to safeguarding customer information;

When we request information from you or about you, it is for our own legitimate business purposes and not for the benefit of any unaffiliated party;

We use personal consumer information only for legitimate business purposes in a manner consistent with title insurance and escrow practices in compliance with applicable laws and regulations;

We will obey the laws governing the collection, use, and dissemination of personal data; and

We will endeavor to educate our employees on the responsible collection and use of personal information.

## PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act ("GLBA") generally requires a financial institution (which term includes title insurers, underwritten title companies and those providing real estate settlement services) to disclose to all its customers the privacy policies and practices with respect to information sharing of consumer nonpublic personal information with both affiliates and non-affiliated third parties. In compliance with GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Title365 Company. This disclosure does not apply to business, commercial or agricultural transactions.

We may collect nonpublic personal information about you from the following sources:

1. Information we receive from you, such as on applications or other forms.
2. Information about your transactions we secure from our files, or from our affiliates or others.
3. Information we receive from a consumer-reporting agency.
4. Information we receive from others involved in your transaction, such as the real estate agent, lender, surveyor or appraiser.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to non-affiliated third parties as permitted by law. This includes, but is not limited to, financial service providers (e.g., banks, consumer finance lenders, securities and insurance companies, etc.), non-financial companies (e.g., settlement or fulfillment service providers, or title plant operated by a third party vendor).

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

**EXHIBIT A**  
Legal Description

The land hereinafter referred to is situated in the Area of Lake Arrowhead, County of San Bernardino, State of CA, and is described as follows:

Parcel 1

Lot 70, Tract No. 9785, in the County of San Bernardino, State of California, as per plat recorded in Book 169 of maps, Page(s) 19 through 24, inclusive, records of said county; and amended in Book 202 of Maps, Pages 15 through 20, inclusive, records of said county.

Except therefrom all oil, gas, minerals and other hydrocarbons substances, lying below a depth of 500 feet, without the right of surface entry, as reserved in instruments of record.

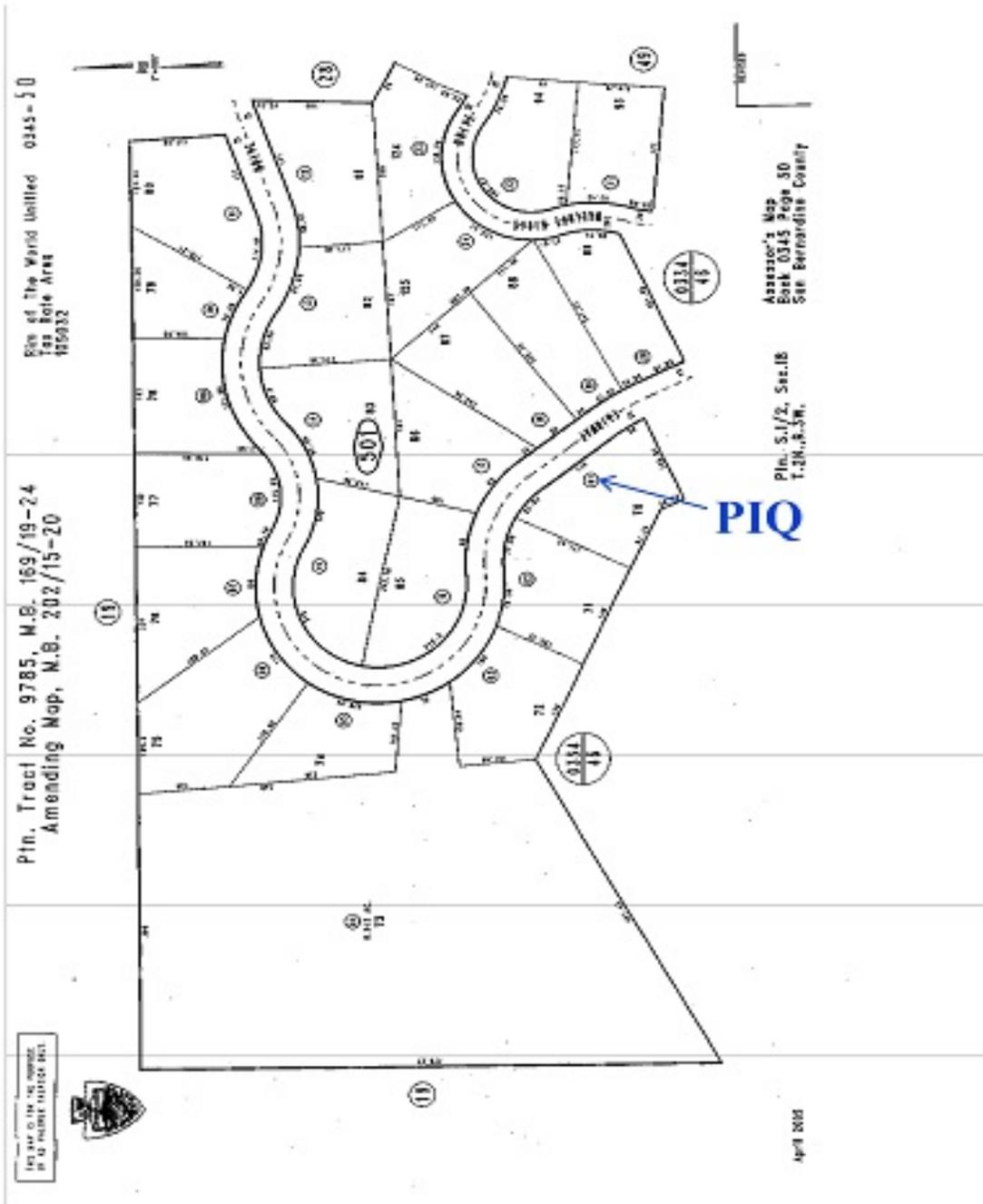
Parcel 2

Lot 69, Tract No. 9785, in the County of San Bernardino, State of California, as per plat recorded in Book 169 of Maps, Pages 19 through 24, inclusive, records of said County; and amended in Book 202 of Maps, Pages 15 through 20, inclusive, records of said County.

Reserving therefrom all minerals, oil, gas, petroleum and other hydrocarbon substances from said land which underlies a plane parallel to and 500 feet below the present surface of said land for the purpose of prospecting for, the exploration, development, production, extraction and taking of said minerals, oil, gas, petroleum, other hydrocarbon substances and water from said land by means of mines, wells, derricks and other equipment from surface locations on adjoining or neighboring land or lying outside of the above described land; it being understood that the owner of such minerals, oil, gas, petroleum, other hydrocarbon substances and water, as set forth above, shall have no right to enter upon the surface of the above described land nor to use any of said land or any portion thereof above said plane parallel to and 500 feet below the present surface of the land for any purpose whatsoever.

APN: 0345-501-01-0-000

APN: 0334-461-11-0-000



Order: 610500775 Doc: SBA 345-50

Page 1 of 1

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This map is for your aid in locating the subject property with reference to streets and other parcels. While this map is believed to be correct, Title365 Company and subsequent insurance companies, assume no liability for any loss occurred by reason of reliance thereon.



**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters: (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
- Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
- Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

- (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning: a. building, b. zoning, c. Land use d. improvements on the Land, e. Land division, f. environmental protection. This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date. This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
- The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
- The right to take the Land by condemning it, unless: a. a notice of exercising the right appears in the Public Records at the Policy Date; or b. the taking happened before the Policy Date and is binding on You if You bought the Land without knowing of the taking.
- Risks: a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records; b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date; c. that result in no loss to You; or d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
- Failure to pay value for Your Title.
- Lack of a right: a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and b. in streets, alleys, or waterways that touch the Land. This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

**LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

\* For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	1 % of Policy Amount or \$2,500 (whichever is less)	\$10,000
Covered Risk 15:	1 % of Policy Amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 16:	1 % of Policy Amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 18:	1 % of Policy Amount or \$2,500 (whichever is less)	\$5,000

**AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning: \* land use \* improvements on the land \* land division \* environmental protection. This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
- The right to take the land by condemning it, unless: \* a notice of exercising the right appears in the public records \* on the Policy Date \*the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
- Title Risks: \*that are created, allowed, or agreed to by you \*that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records \*that result in no loss to you \*that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
- Failure to pay value for your title.
- Lack of a right: \*to any land outside the area specifically described and referred to in Item 3 of Schedule A OR \*in streets, alleys, or waterways that touch your land. This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**ALTA LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT-FORM 1 COVERAGE EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters:(a)created, suffered, assumed or agreed to by the insured claimant; (b)not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy);or(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
- Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
- Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
- Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on: (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or(ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:(a)to timely record the instrument of transfer; or(b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor. The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

- (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- Any lien or right to a lien for services, labor or material not shown by the public records.

**2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to: (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions, or location of any improvement erected on the Land; (iii) the subdivision of land; or (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5. (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- Defects, liens, encumbrances, adverse claims, or other matters: (a) created, suffered, assumed, or agreed to by the Insured Claimant; (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;(c) resulting in no loss or damage to the Insured Claimant; (d) attaching or create

subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is: (a) a fraudulent conveyance or fraudulent transfer, or (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records.

This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b). The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

#### ALTA OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters: (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on: (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure: (a) to timely record the instrument of transfer; or (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor. The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

#### 2006 ALTA OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions, or location of any improvement erected on the Land; (iii) the subdivision of land; or (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5. (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters: (a) created, suffered, assumed, or agreed to by the Insured Claimant; (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy; (c) resulting in no loss or damage to the Insured Claimant; (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is (a) a fraudulent conveyance or fraudulent transfer; or (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A. The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

#### ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters: (a) created, suffered, assumed or agreed to by the Insured Claimant; (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy; (c) resulting in no loss or damage to the Insured Claimant; (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at: (a) The time of the advance; or (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of Interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

For large print please view at [www.title365.com](http://www.title365.com) under menu option Resources.

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Southwest, Inc. Dallas TX Office CityPlace Center East 2711 North Haskell Avenue Suite 800 Dallas TX 75204 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): 800-363-0105	
	<b>E-MAIL ADDRESS:</b>	
<b>INSURED</b> Title365 Company 5000 Birch Street, Suite 300 Newport Beach, CA 92660 USA	<b>INSURER A:</b> Lloyd's Syndicate No. 1274	AA1120085
	<b>INSURER B:</b> PartnerRe Ireland Insurance Ltd	AA1780096
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INBR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED: <input type="checkbox"/> RETENTION						EACH OCCURRENCE AGGREGATE
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A					<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT
A	E&O-PL-Primary			PSOLU000716	07/11/2016	07/11/2017	Aggregate Deductible \$5,000,000 \$150,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The above limit shown for E&O is per occurrence and in the aggregate.  
 Deductible: \$150,000 All Non Title Agent Claims  
 Deductible: \$25,000 Title Agent Claims  
 Deductible: \$10,000 Title Agent Claims - Florida and Hawaii

<b>CERTIFICATE HOLDER</b>  Title365 Company 5000 Birch Street, Suite 300 Newport Beach, CA 92660 USA	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <i>Aon Risk Services Southwest, Inc.</i>
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## ADDITIONAL REMARKS SCHEDULE

<b>AGENCY</b> Aon Risk Services Southwest, Inc.		<b>NAMED INSURED</b> Title365 Company	
<b>POLICY NUMBER</b> See Certificate Number:		<b>EFFECTIVE DATE:</b>	
<b>CARRIER</b> See Certificate Number:	<b>NAIC CODE</b>		

**ADDITIONAL REMARKS**

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,**  
**FORM NUMBER:** ACORD 24    **FORM TITLE:** Certificate of Property Insurance

**FI Bond**

FI Bond Primary \$25,000,000  
 Policy Number: 015924909  
 Carrier: National Union Fire Insurance Co. of Pittsburgh  
 Effective Date: 07/11/16- 07/11/17

FI Bond X1 \$25,000,000 excess of \$25,000,000  
 Policy Number: 47EPF15009803  
 Carrier: Berkshire Hathaway Specialty Ins Co.  
 Effective Date: 07/11/16- 07/11/17

FI Bond X2 QS \$15,000,000 p/o of \$25,000,000 excess of \$50,000,000  
 Policy Number: FI4N683602008  
 Carrier: Liberty Mutual Insurance Company  
 Effective Date: 07/11/16-07/11/17

FI Bond X2 QS \$10,000,000 p/o of \$25,000,000 excess of \$50,000,000  
 Policy Number: DOXG24580659007  
 Carrier: ACE American Insurance Company  
 Effective Date: 07/11/16-07/11/17

FI Bond X3 \$25,000,000 excess of \$75,000,000  
 Policy Number: BND0101467  
 Carrier: RLI Insurance Company  
 Effective Date: 07/11/16-07/11/17

FI Bond X4 \$25,000,000 excess of \$100,000,000  
 Policy Number: FS46175430100  
 Carrier: Great American Insurance Co.  
 Effective Date: 07/11/16-07/11/17

FI Bond X5 \$25,000,000 excess of \$125,000,000  
 Policy Number: BFMB4500159721  
 Carrier: Berkley Regional Insurance Company  
 Effective Date: 07/11/16-07/11/17

FI Bond X6 QS \$20,000,000 p/o \$60,000,000 excess of \$150,000,000  
 Policy Number: FS46175440100  
 Carrier: Great American Insurance Co.  
 Effective Date: 07/11/16-07/11/17

FI Bond X6 QS \$5,000,000 p/o \$60,000,000 excess of \$150,000,000  
 Policy Number: DOXG24581986006  
 Carrier: Ace American Insurance Company  
 Effective Date: 07/11/16-07/11/17

FI Bond X6 QS \$5,000,000 p/o \$60,000,000 excess of \$150,000,000  
 Policy Number: FL5EF00024161  
 Carrier: Everest Reinsurance Company  
 Effective Date: 07/11/16-07/11/17



## ADDITIONAL REMARKS SCHEDULE

AGENCY Aon Risk Services Southwest, Inc.		NAMED INSURED Title365 Company	
POLICY NUMBER See Certificate Number:		EFFECTIVE DATE:	
CARRIER See Certificate Number:	NAIC CODE		

**ADDITIONAL REMARKS**

<p><b>THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,</b>                  FORM NUMBER: ACORD 24    FORM TITLE: Certificate of Property Insurance</p>
<p><b>FI Bond</b></p>
<p>FI Bond X6 QS \$5,000,000 p/o \$60,000,000 excess of \$150,000,000                  Policy Number: 425414055                  Carrier: Continental Casualty Company                  Effective Date: 07/11/16-07/11/17</p>
<p>FI Bond X6 QS \$10,000,000 p/o \$60,000,000 excess of \$150,000,000                  Policy Number: MCN768346012016                  Carrier: AXIS Insurance Company                  Effective Date: 07/11/16-07/11/17</p>
<p>FI Bond X6 QS \$15,000,000 p/o \$60,000,000 excess of \$150,000,000                  Policy Number: V128F7160501                  Carrier: Beazley Insurance Company, Inc.                  Effective Date: 07/11/16-07/11/17</p>
<p>FI Bond X7 \$50,000,000 excess of \$210,000,000                  Policy Number: B0621PNATI010016                  Carrier: Lloyd's of London                  Effective Date: 07/11/16-07/11/17</p>

Data as of October 2016

Address 1	Address 2	City, State, Zip
1333 McDermott Dr.	Suite 100	Allen, TX 75013
7200 N. Mopac	Suite 170	Austin, TX 78731
1301 S. Bowen	Suite 390	Arlington, TX 76013
10800 Pecan Park Blvd	Suite 230	Austin, TX 78750
13420 Galleria Circle Bldg. A,	Suite 220	Bee Caves, TX 78738
2111 Palomar Airport	Suite 130	Carlsbad, CA 92011
2501 South Price Road		Chandler, AZ 85286
2301 W. Belmont		Chicago, IL 60618
2501 S. State Hwy 121 Bldg 1, 1st Floor	Convergence Office Center	Lewisville, TX 75067
4897 Highway 121	Suite 160	The Colony, TX 75056
345 Rouser Road	Suite 100	Coraopolis, PA 15108
4600 South Syracuse	Suite 973	Denver, CO 80237
2432 Auto Park Way		Escondido, CA 92029
8812 Coleman Blvd.		Frisco, TX 75034
3803 Parkwood Blvd.		Frisco, TX 75034
7121 West Bell Road	Suite 100	Glendale, AZ 85308
801 North Brand Boulevard	Suite 320	Glendale, CA 91203
3303 E. Baseline Road	Suite 106	Gilbert, AZ 85234
18200 Von Karman Ave		Irvine, CA 92612
8740 Lucent Boulevard	6th Floor, Suite 600	Highlands Ranch, CO 80129
4000 Horizon Way		Irving, TX 75063
78100 Main Street	Suite 209	La Quinta, CA 92253
24361 El. Toro Rd	Suite 275	Laguna Woods, CA 92637
410 S. Rampart Blvd.	Bldg. 17; Suite 390; Sub-Suite 332	Las Vegas, NV 89145
6363 S. Fiddlers Green Circle	13th Floor	Greenwood Village, CO 80111
750 E. Highway 121	Suite 100	Lewisville, TX 75067
555 Winderley Place	Ste 300, Office 303	Maitland, FL 32751
2200 Lucien Way	Suite 340	Maitland, FL 32751
181 Sierra Manor Rd, #4		Mammoth Lakes, CA 93546
2600 Lake Lucien Drive	Suite 109	Maitland, FL 32751
29995 Technology Drive	Suite 305	Murrieta, CA 92563
5000 Birch Street	Suite 500, East Tower	Newport Beach, CA 92660
5000 Birch Street	Suite 300, East Tower	Newport Beach, CA 92660
57 West 57th Street 4th Floor,	Suite 402	New York, NY 10019
6836 Dallas Parkway,	Suite 102	Plano, TX 75024
2901 N. Dallas Parkway	Suite 130	Plano, TX 75093
17304 Preston Road	Suite 110	Dallas, TX 75252
27081 Aliso Creek Rd	Suite 200	Aliso Viejo, CA 92656
211 W Main		Round Rock, TX 78664
1000 Heritage CenterCir		Round Rock, TX 78664
8880 Rio San Diego Drive	Suite 1100	San Diego, CA 92108
7095 Indiana Avenue	Suite 120	Riverside, CA 92506
5101 Broadway		San Antonio, TX 78209
16100 N. 71st Street		Scottsdale, AZ 85250
16870 West Bernardo Dr.	Ste. 400, Office 430	San Diego, CA 92127
13920 SE Eastgate Way,	Suite 310	Bellevue, WA 98005
2nd Floor, First Software Park	110 Mount Poonamalle Road	Porur
375 E. Main St.		Ventura, CA 93001
4195 East Thousand Oaks Boulevard	Suite 107	Westlake Village, CA 91362

**Nationstar Mortgage Holdings, Inc.**

**Named Insured Schedule All Lines Except As Shown Below**

**Centex Land Vista Ridge Lewisville III General Partner, LLC**

**Centex Land Vista Ridge Lewisville III, L.P.**

**Cerulean Media LLC**

**Harwood Insurance Services, LLC**

**Harwood Service Company, LLC**

**Home Community Mortgage, LLC**

**HomeSelect Settlement Solutions, LLC**

**Nationstar 2009 Equity Corporation**

**Nationstar Advance Funding III LLC**

**Nationstar Advance Funding LLC**

**Nationstar Agency Advance Funding II LLC**

**Nationstar Agency Advance Funding LLC**

**Nationstar Agency Advance Funding Trust**

**Nationstar Agency Advance Receivables Trust**

**Nationstar Capital Corporation**

**Nationstar Funding I LLC**

**Nationstar HECM Loan Trust 2014-1**

**Nationstar HECM Loan Trust 2015-1**

**Nationstar HECM Trust I**

**Nationstar Home Equity Loan 2009-A Reo LLC**

**Nationstar Home Equity Loan Trust 2009-A**

**Nationstar Mortgage Advance Receivables Trust**

**Nationstar Mortgage Holdings Inc.**

**Nationstar Mortgage JV LLC**

**Nationstar Mortgage JV Manager LLC**

**Nationstar Mortgage LLC**

**Nationstar Mortgage Loan Trust 2013-A**

**Nationsar REO Sub 1C LLC**

**Nationstar REO Sub 1J LLC**

**Nationstar REO Sub 1N LLC**

**Nationstar Residual, LLC**

**Nationstar Reverse Mortgage Funding LLC**

**Nationstar Servicer Advance Facility Transferor, LLC 2014-BC**

**Nationstar Servicer Advance Receivables Trust, 2014-BC**

**Nationstar Sub1 LLC**

**Nationstar Sub2 LLC**

**Nationstar Mortgage Holdings, Inc.**

**Named Insured Schedule All Lines Except As Shown Below**

**NSM Services Private Limited**

**Quantarium, LLC**

**Real Estate Digital LLC**

**Reverse REO JV LLC**

**E&O Coverage for the below entities is included under Xome Holdings LLC**

**Solutionstar Default Management Services LLC**

**Solutionstar Field Services LLC**

**Solutionstar Services LLC**

**Title365 Company**

**Title365 Company of Alabama LLC**

**Valuation365 LLC**

**Veripro Solutions Inc.**

**Xome Analytics Inc.**

**Xome CT LLC**

**Xome Exchange Inc.**

**Xome Holdings LLC**

**Xome Inc.**

**Xome Insurance Agency LLC**

**Xome Labs Inc.**

**Xome Leads LLC**

**Xome Leads Inc.**

**Xome Realty Services LLC**

**Xome Services India Private Limited**

**Xome Settlement Services LLC**

**Xome Settlement Services of Alabama LLC**

**Xome Signings Inc.**

**Xome Title Inc.**

**and all subsidiaries**

**eLeadz LLC**

**Experience 1, Inc.**

**Title365 Agency (a trade name)**

**Title365 Company of Alabama LLC**

Main Document Page 54 of 84
Statement of Information (Confidential)

Note: This form is needed in order to eliminate judgments and liens against people with similar names

The street address of the property in this transaction is: (if none, leave blank)

Address City

Occupied by: Owner Tenants Lessee Single Residence Multiple Residence Commercial Vacant Land

Any construction/improvements in last 6 months? Yes No Is any portion of new loan to be used for improvements? Yes No

If yes, state nature of work done or contemplated

Party 1

Party 2

First Middle Last

First Middle Last

Former last name(s), if any

Former last name(s), if any

Birthplace Birth Date

Birthplace Birth Date

Social Security No. Driver's License No.

Social Security No. Driver's License No.

I am single am married Have a domestic partner

I am single am married Have a domestic partner

Name of current spouse or domestic partner (if other than Party 2)

Name of current spouse or domestic partner (if other than Party 1)

Name of former spouse/domestic partner (if none, write "none")

Name of former spouse/domestic partner (if none, write "none")

Marriage or Domestic Partnership Between Parties 1 and 2

Are Parties 1 & 2: Married? Domestic Partners? Date of Marriage/Domestic Partnership:

Party 1 - Occupations for Last 10 Years

Present Occupation Firm Name Address No. of Years

Prior Occupation Firm Name Address No. of Years

Party 1 - Residences for Last 10 Years

Number and Street City and State From To

Party 2 - Occupations for Last 10 Years

Present Occupation Firm Name Address No. of Years

Prior Occupation Firm Name Address No. of Years

Party 2 - Residences for Last 10 Years

Number and Street City and State From To

Have any of the above parties owned or operated a business? Yes No If so, please list names

I have never been adjudged, bankrupt nor are there any unsatisfied judgments or other matters pending against me which might affect my title to this property, except as follows:

The undersigned declare under penalty of perjury that the above information is true and correct. (all parties must sign)

Date Signature Signature

Home Phone Work Phone Home Phone Work Phone

Email Address Email Address

# TITLE 365

Toll Free: (877)365-9365 | Direct:

Date: January 20, 2017  
Escrow No.: CA0610-16001351-60  
Loan No.:  
Borrower(s): Frank Redmond and Lynda T Bui  
Property Address: 299 North Fairway Drive  
Lake Arrowhead, CA 92352

Attn: Line of Credit – Payoff Dept.

With regard to our equity/credit line with the account number of , we hereby certify that:

**TO LENDER:**

I/We hereby request that the above referenced credit line account be FROZEN AND CLOSED as of the date of your receipt of this notice. I/We contemplate payment in full of the Note secured by Trust Deed shortly through the above referenced escrow with A & A Escrow Services, Inc.. I/We agree NOT to request any advances on this account on or after the date of this letter. Upon payment in full by A & A Escrow Services, Inc., you are instructed to close the above referenced account and forward a reconveyance/release and/or satisfaction to the appropriate county recorder's office for recording.

**TO A & A Escrow Services, Inc.:**

I/We further warrant to A & A Escrow Services, Inc. that I/we, as of the date shown above, will no longer use the referenced credit line account and will immediately destroy all unused checks.

I/We fully understand and acknowledge that if funds from the referenced credit line account are advanced, for whatever purpose and/or reason, with or without my/our consent, that I/we will be held fully responsible to immediately deposit with A & A Escrow Services, Inc. sufficient funds to cover the advance(s). In the event funds are remaining in escrow for the payment of the advance(s) in full or in part, A & A Escrow Services, Inc. is hereby instructed to utilize said funds until exhausted and make demand for the balance from me/us, if necessary.

I/We will be responsible for any and all charges, which are presented for payment, including charges presented after the requested demand is prepared.

If A & A Escrow Services, Inc. advances on my/our behalf, funds to payoff the Equity Line/Credit Line in full, I/We Agree, upon written demand, to promptly reimburse A & A Escrow Services, Inc..

Sincerely,

---

Frank Redmond

---

Lynda T Bui

BOE-502-A (P1) REV. 12 (05-13)

**PRELIMINARY CHANGE OF OWNERSHIP REPORT**

To be completed by the transferee (buyer) prior to a transfer of subject property, in accordance with section 480.3 of the Revenue and Taxation Code. A *Preliminary Change of Ownership Report* must be filed with each conveyance in the County Recorder's office for the county where the property is located.

NAME AND MAILING ADDRESS OF BUYER/TRANSFeree  
(Make necessary corrections to the printed name and mailing address)

Artur Altunyan  
299 Fairway Dr  
Lake Arrowhead, CA 92352

ASSESSOR'S PARCEL NUMBER  
0345-501-01-0-000, 0334-461-11-0-000  
SELLER/TRANSFEROR  
Frank Redmond and Lynda T Bui  
BUYER'S DAYTIME TELEPHONE NUMBER  
( )  
BUYER'S EMAIL ADDRESS

STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY  
299 North Fairway Drive, Lake Arrowhead, CA 92352

MAIL PROPERTY TAX INFORMATION TO (NAME) Artur Altunyan			
ADDRESS 299 Fairway Dr	CITY Lake Arrowhead	STATE CA	ZIP CODE 92352
<input type="checkbox"/> YES <input type="checkbox"/> NO	This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.	MO	DAY YEAR

**PART 1. TRANSFER INFORMATION** *Please complete all statements.*

This section contains possible exclusions from reassessment for certain types of transfers.

- YES NO
- A. This transfer is solely between spouses (*addition or removal of a spouse, death of a spouse, divorce settlement, etc.*)
  - B. This transfer is solely between domestic partners currently registered with the California Secretary of State (*addition or removal of a partner, death of a partner, termination settlement, etc.*)
  - \*C. This is a transfer:  between parent(s) and child(ren)  from grandparent(s) to grandchild(ren).
  - \*D. This transfer is the result of a cotenant's death. Date of death \_\_\_\_\_
  - \*E. This transaction is to replace a principal residence by a person 55 years of age or older.  
Within the same county?  YES  NO
  - \*F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county?  YES  NO
  - G. This transaction is only a correction of the name(s) of the person(s) holding title to the property (*e.g., a name change upon marriage*).  
If YES, please explain: \_\_\_\_\_
  - H. The recorded document creates, terminates, or reconveys a lender's interest in the property.
  - I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (*e.g., cosigner*). If YES, please explain: \_\_\_\_\_
  - J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.
  - K. This is a transfer of property:
    - 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of  the transferor, and/or  the transferor's spouse  registered domestic partner.
    - 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.
    - 3. to/from an irrevocable trust for the benefit of the  creator/grantor/trustor and/or  grantor's/trustor's spouse  grantor's/trustor's registered domestic partner.
  - L. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
  - M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.
  - N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
  - \*O. This transfer is to the first purchaser of a new building containing an active solar energy system.

\* Please refer to the instructions for Part 1.

**Please provide any other information that will help the Assessor understand the nature of the transfer.**

**THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION**

BOE-502-A (P2) REV. 12 (05-13)

**PART 2. OTHER TRANSFER INFORMATION**

*Check and complete as applicable.*

- A. Date of transfer, if other than recording date: \_\_\_\_\_
- B. Type of transfer:  
 Purchase     Foreclosure     Gift     Trade or exchange     Merger, stock, or partnership acquisition (Form BOE-100-B)  
 Contract of sale. Date of contract: \_\_\_\_\_     Inheritance. Date of death: \_\_\_\_\_  
 Sale/leaseback     Creation of a lease     Assignment of a lease     Termination of a lease. Date lease began: \_\_\_\_\_  
 Original term in years (including written options): \_\_\_\_\_ Remaining term in years (including written options): \_\_\_\_\_  
 Other. Please explain: \_\_\_\_\_
- C. Only a partial interest in the property was transferred.     YES     NO    If YES, indicate the percentage transferred: \_\_\_\_\_ %

**PART 3. PURCHASE PRICE AND TERMS OF SALE**

*Check and complete as applicable.*

- A. Total purchase price. \$ \_\_\_\_\_
- B. Cash down payment or value of trade or exchange excluding closing costs    Amount \$ \_\_\_\_\_
- C. First deed of trust @ \_\_\_\_\_ % interest for \_\_\_\_\_ years. Monthly payment \$ \_\_\_\_\_    Amount \$ \_\_\_\_\_  
 FHA (\_\_\_\_ Discount Points)     Cal-Vet     VA (\_\_\_\_ Discount Points)     Fixed rate     Variable rate  
 Bank/Savings & Loan/Credit Union     Loan carried by seller  
 Balloon payment \$ \_\_\_\_\_    Due date: \_\_\_\_\_
- D. Second deed of trust @ \_\_\_\_\_ % interest for \_\_\_\_\_ years. Monthly payment \$ \_\_\_\_\_    Amount \$ \_\_\_\_\_  
 Fixed rate     Variable rate     Bank/Savings & Loan/Credit Union     Loan carried by seller  
 Balloon payment \$ \_\_\_\_\_    Due date: \_\_\_\_\_
- E. Was an Improvement Bond or other public financing assumed by the buyer?     YES     NO    Outstanding balance \$ \_\_\_\_\_
- F. Amount, if any, of real estate commission fees paid by the buyer which are not included in the purchase price    \$ \_\_\_\_\_
- G. The property was purchased:     Through real estate broker. Broker name: \_\_\_\_\_ Phone number: (\_\_\_\_) \_\_\_\_\_  
 Direct from seller     From a family member-Relationship \_\_\_\_\_  
 Other. Please explain: \_\_\_\_\_
- H. Please explain any special terms, seller concessions, broker/agent fees waived, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property.  
 \_\_\_\_\_

**PART 4. PROPERTY INFORMATION**

*Check and complete as applicable.*

- A. Type of property transferred  
 Single-family residence     Co-op/Own-your-own     Manufactured home  
 Multiple-family residence. Number of units: \_\_\_\_\_     Condominium     Unimproved lot  
 Other. Description: (i.e., timber, mineral, water rights, etc.)     Timeshare     Commercial/Industrial  
 \_\_\_\_\_
- B.  YES     NO    Personal/business property, or incentives, provided by seller to buyer are included in the purchase price. Examples of personal property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships, etc. Attach list if available.  
 If YES, enter the value of the personal/business property:    \$ \_\_\_\_\_    Incentives \$ \_\_\_\_\_
- C.  YES     NO    A manufactured home is included in the purchase price.  
 If YES, enter the value attributed to the manufactured home:    \$ \_\_\_\_\_  
 YES     NO    The manufactured home is subject to local property tax. If NO, enter decal number: \_\_\_\_\_
- D.  YES     NO    The property produces rental or other income.  
 If YES, the income is from:     Lease/rent     Contract     Mineral rights     Other: \_\_\_\_\_
- E. The condition of the property at the time of sale was:     Good     Average     Fair     Poor  
 Please describe: \_\_\_\_\_

**CERTIFICATION**

*I certify (or declare) that the foregoing and all information hereon, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief.*

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER ▶	DATE	TELEPHONE (    )
NAME OF BUYER/TRANSFeree/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)	TITLE	E-MAIL ADDRESS

The Assessor's office may contact you for additional information regarding this transaction.

# **EXHIBIT 2**



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

CALIFORNIA  
RESIDENTIAL PURCHASE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS  
(C.A.R. Form RPA-CA, Revised 12/15)

Date Prepared: 10/18/2016

1. OFFER:

- A. THIS IS AN OFFER FROM Artur Altunyan ("Buyer").  
 B. THE REAL PROPERTY to be acquired is 299 N Fairway Dr, Lake Arrowhead, CA 92352, situated in Lake Arrowhead (City),                      (County), California, 92352 (Zip Code), Assessor's Parcel No. 0345501010000 ("Property").  
 C. THE PURCHASE PRICE offered is Three Hundred Ninety Thousand Dollars \$ 390,000.00  
 D. CLOSE OF ESCROW shall occur on                      (date) (or  45 Days After Acceptance).  
 E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

- A. DISCLOSURE: The Parties each acknowledge receipt of a  "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).  
 B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:  
 Listing Agent NEIMAN REALTY (Print Firm Name) is the agent of (check one):  
 the Seller exclusively; or  both the Buyer and Seller.  
 Selling Agent TITUS REALTY, INC. (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one):  the Buyer exclusively; or  the Seller exclusively; or  both the Buyer and Seller.

- C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a  "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT: Deposit shall be in the amount of                      \$ 11,700.00  
 (1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer,  cashier's check,  personal check,  other                      within 3 business days after Acceptance (or                     );  
 OR (2)  Buyer Deposit with Agent: Buyer has given the deposit by personal check (or                     ) to the agent submitting the offer (or to ESCROW), made payable to                     . The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or                     ).  
 Deposit checks given to agent shall be an original signed check and not a copy.  
 (Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of                      \$                      within                      Days After Acceptance (or                     ).  
 If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C.  ALL CASH OFFER: No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or  Buyer shall, within 3 (or                     ) Days After Acceptance, Deliver to Seller such verification.

- D. LOAN(S):  
 (1) FIRST LOAN: in the amount of                      \$ 312,000.00  
 This loan will be conventional financing or  FHA,  VA,  Seller financing (C.A.R. Form SFA),  assumed financing (C.A.R. Form AFA),  Other                     . This loan shall be at a fixed rate not to exceed                      % or,  an adjustable rate loan with initial rate not to exceed                      %. Regardless of the type of loan, Buyer shall pay points not to exceed                      % of the loan amount.  
 (2)  SECOND LOAN in the amount of                      \$                       
 This loan will be conventional financing or  Seller financing (C.A.R. Form SFA),  assumed financing (C.A.R. Form AFA),  Other                     . This loan shall be at a fixed rate not to exceed                      % or,  an adjustable rate loan with initial rate not to exceed                      %. Regardless of the type of loan, Buyer shall pay points not to exceed                      % of the loan amount.

- (3) FHA/VA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or                     ) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHA/VA amendatory clause (C.A.R. Form FVAC) shall be a part of this Agreement.

- E. ADDITIONAL FINANCING TERMS: BUYER TO OBTAIN FINANCING AT BUYER'S PREFERRED RATES, TERMS AND PROGRAMS.

- F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of                      \$ 66,300.00 to be deposited with Escrow Holder pursuant to Escrow Holder instructions.  
 G. PURCHASE PRICE (TOTAL):                      \$ 390,000.00

Buyer's Initials ( AA ) (                      )

Seller's Initials ( AB ) (                      )

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RPA-CA REVISED 12/15 (PAGE 1 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 1 OF 10)

Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352 Date: October 18, 2016

- H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or \_\_\_) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. ( Verification attached.)
- I. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or  is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or \_\_\_) Days After Acceptance.
- J. LOAN TERMS:
- (1) LOAN APPLICATIONS: Within 3 (or \_\_\_) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. ( Letter attached.)
- (2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) LOAN CONTINGENCY REMOVAL: Within 21 (or \_\_\_) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
- (4)  NO LOAN CONTINGENCY: Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- (5) LENDER LIMITS ON BUYER CREDITS: Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. BUYER STATED FINANCING: Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. SALE OF BUYER'S PROPERTY:
- A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
- OR B.  This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
5. ADDENDA AND ADVISORIES:
- A. ADDENDA:
- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Addendum # 1 (C.A.R. Form ADM)                      |  |
| <input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)                       | <input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA) |
| <input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI) |  |
| <input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)                          | <input type="checkbox"/> Other   |
- B. BUYER AND SELLER ADVISORIES:
- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA) |   |
| <input type="checkbox"/> Probate Advisory (C.A.R. Form PA)                        | <input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| <input type="checkbox"/> Trust Advisory (C.A.R. Form TA)                          | <input type="checkbox"/> REO Advisory (C.A.R. Form REO)                         |
| <input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)   | <input type="checkbox"/> Other  |
6. OTHER TERMS: PHYSICAL INSPECTION CONTINGENCY TO BE 7 DAYS FROM ACCEPTANCE.
- 
7. ALLOCATION OF COSTS
- A. INSPECTIONS, REPORTS AND CERTIFICATES: Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
- (1)  Buyer  Seller shall pay for a natural hazard zone disclosure report, including tax  environmental  Other: \_\_\_\_\_ prepared by SELLER'S CHOICE
- (2)  Buyer  Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_
- (3)  Buyer  Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_

Buyer's Initials ( A.A. ) ( \_\_\_\_\_ )

Seller's Initials ( AB ) ( \_\_\_\_\_ )

RPA-CA REVISED 12/16 (PAGE 2 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 10)

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299 N FAIRWAY





Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352

Date: October 18, 2016

9. CLOSING AND POSSESSION:

- A. Buyer intends (or  does not intend) to occupy the Property as Buyer's primary residence.
- B. Seller-occupied or vacant property: Possession shall be delivered to Buyer: (i) at 6 PM or (  AM /  PM ) on the date of Close Of Escrow; (ii)  no later than        calendar days after Close Of Escrow; or (iii)  at        AM /        PM on       .
- C. Seller remaining in possession After Close Of Escrow: If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as  C.A.R. Form SIP, for Seller continued occupancy of less than 30 days,  C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
- D. Tenant-occupied property: Property shall be vacant at least 5 (or       ) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR  Tenant to remain in possession (C.A.R. Form TIP).

- E. At Close Of Escrow: Seller assigns to Buyer any assignable warranty rights for items included in the sale; and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and Intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

10. STATUTORY AND OTHER DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer: (i) if required by Law, a fully completed: Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) unless exempt, fully completed disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or ESD).
- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
- (3) Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.
- (4) Within the time specified in paragraph 14A, (i) Seller, unless exempt from the obligation to provide a TDS, shall, complete and provide Buyer with a Seller Property Questionnaire (C.A.R. Form SPQ); (ii) if Seller is not required to provide a TDS, Seller shall complete and provide Buyer with an Exempt Seller Disclosure (C.A.R. Form ESD).
- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.
- (7) If any disclosure or notice specified in paragraph 10A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
- B. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS: Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet, and home energy rating pamphlet; (ii) disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. WITHHOLDING TAXES: Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [www.moganslaw.ca.gov](http://www.moganslaw.ca.gov). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)
- E. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- F. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:
  - (1) SELLER HAS: 7 (or       ) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or ESD).

Buyer's Initials ( A.A. ) (        )  
RPA-CA REVISED 12/15 (PAGE 4 OF 10)

Seller's Initials ( AB ) (        )



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 10)

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299 N FAIRWAY

Property Address: 299 N Fairway Dr, Lako Arrowhead, CA 92352

Date: October 18, 2016

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or \_\_\_\_\_) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). (vi) private transfer fees; (vii) Pet fee restrictions; and (viii) smoking restrictions. Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

11. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.

B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.

C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

12. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to: (i) a general physical inspection; (ii) an inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) inspect for lead-based paint and other lead-based paint hazards; (iv) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA); (v) review the registered sex offender database; (vi) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; and (vii) review and seek approval of leases that may need to be assumed by Buyer. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: Invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report; or inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.

C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

13. **TITLE AND VESTING:**

A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.

B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

Buyer's Initials ( A.A. ) ( \_\_\_\_\_ )  
RPA-CA REVISED 12/15 (PAGE 5 OF 10)

Seller's Initials ( AB ) ( \_\_\_\_\_ )



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 10)

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299 N FAIRWAY

Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352

Date: October 18, 2016

- E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.
- 14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
  - A. SELLER HAS: 7 (or     ) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.
  - B. (1) BUYER HAS: 17 (or     ) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.
    - (2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
    - (3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or     ) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
    - (4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).
    - (5) Access to Property: Buyer shall have access to the Property to conduct inspections and investigations for 17 (or     ) Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.
  - C.  REMOVAL OF CONTINGENCIES WITH OFFER: Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.
  - D. SELLER RIGHT TO CANCEL:
    - (1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
    - (2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) In writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
  - E. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller, and (iii) give the other Party at least 2 (or     ) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.
  - F. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
  - G. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or     ) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.
  - H. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release Instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials ( AA ) (      )  
RPA-CA REVISED 12/15 (PAGE 6 OF 10)

Seller's Initials ( AB ) (      )



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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299 N FAIRWAY

Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352

Date: October 18, 2016

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or  Days) Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 11; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
18. **BROKERS:**
- A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or  Days), shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or ). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.

Buyer's Initials ( AA ) (            )  
RPA-CA REVISED 12/16 (PAGE 7 OF 10)

Seller's Initials ( AB ) (            )



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 7 OF 10)

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299 N FAIRWAY

Property Address: 299 N Fairway Dr, Lako Arrowhead, CA 92352

Date: October 18, 2016

- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Except as provided in paragraph 14H, release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).

Buyer's Initials A.A.

Seller's Initials [Signature]

22. DISPUTE RESOLUTION:

- A. MEDIATION: The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Real Estate Mediation Center for Consumers ([www.consumermediation.org](http://www.consumermediation.org)) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action, THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 22C.
- B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 22C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials A.A.

Seller's Initials [Signature]

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

Buyer's Initials ( A.A. ) ( \_\_\_\_\_ )

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )

RPA-CA REVISED 12/15 (PAGE 8 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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299 N FAIRWAY

Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352

Date: October 18, 2016

- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (I) the filing of a court action to preserve a statute of limitations; (II) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (III) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form AOAA).
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

- 29. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.
- 30. **DEFINITIONS:** As used in this Agreement:

- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

- 31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by  \_\_\_\_\_  AM /  PM, on \_\_\_\_\_ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date 10/18/2016 BUYER [Signature]  
(Print name) Artur Altunyan

Date \_\_\_\_\_ BUYER \_\_\_\_\_  
(Print name) \_\_\_\_\_

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's initials ( [Signature] ) ( \_\_\_\_\_ )

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 9 OF 10)

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299 N FAIRWAY



Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352 Date: October 18, 2016

32. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: 10-8-2016 + (win) bc + addendum #12

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 10/25/16 SELLER [Signature]

(Print name) Lynda T. Bul, Chapter 7 Trustee

Date \_\_\_\_\_ SELLER \_\_\_\_\_

(Print name) \_\_\_\_\_

Additional Signature Addendum attached (C.A.R. Form ASA).

(\_\_\_\_\_/\_\_\_\_\_) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) \_\_\_\_\_ at \_\_\_\_\_ AM/  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

**REAL ESTATE BROKERS:**

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.  
 B. Agency relationships are confirmed as stated in paragraph 2.  
 C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.  
 D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) TITUS REALTY, INC. CalBRE Lic. # 01523496  
 By [Signature] NERSES ANANYAN CalBRE Lic. # 01320968 Date 10-18-16  
 By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 Address 14547 TITUS ST City Panorama City State CA Zip 91402-4924  
 Telephone (818)786-3511 Fax (818)786-3521 E-mail TITUSREALTY@YAHOO.COM

Real Estate Broker (Listing Firm) NEIMAN REALTY CalBRE Lic. # 00786112  
 By [Signature] JEN NEIMAN CalBRE Lic. # 006980498 Date 10-21-16  
 By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked,  a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_  Seller's Statement of Information and \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder \_\_\_\_\_ Escrow # \_\_\_\_\_  
 By \_\_\_\_\_ Date \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone/Fax/E-mail \_\_\_\_\_

Escrow Holder has the following license number # \_\_\_\_\_  
 Department of Business Oversight,  Department of Insurance,  Bureau of Real Estate.

**PRESENTATION OF OFFER:** (\_\_\_\_\_) Listing Broker presented this offer to Seller on \_\_\_\_\_ (date).  
 Broker or Designee Initials \_\_\_\_\_

**REJECTION OF OFFER:** (\_\_\_\_\_) (\_\_\_\_\_) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).  
 Seller's Initials \_\_\_\_\_

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 RPA-CA REVISED 12/15 (PAGE 10 of 10) Reviewed by \_\_\_\_\_ Broker or Designee



**BUYER'S INSPECTION ADVISORY**  
(C.A.R. Form BIA, Revised 11/14)

Property Address: 299 N Fairway Dr, Lake Arrowhead, CA 92352 (Property).

**1. IMPORTANCE OF PROPERTY INVESTIGATION:** The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.

**2. BROKER OBLIGATIONS:** Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.

**3. YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

- A. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and nonstructural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
- B. SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
- C. WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
- D. SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
- E. WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
- F. ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
- G. EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
- H. FIRE, HAZARD AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies.
- I. BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size.
- J. RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt and other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
- K. SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
- L. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

By signing below, Buyers acknowledge that they have read, understand, accept and have received a Copy of this Advisory. Buyers are encouraged to read it carefully.

Buyer Arthur Altunyan Buyer \_\_\_\_\_

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





CALIFORNIA  
ASSOCIATION  
OF REALTORS®

**POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT**

(C.A.R. Form PRBS, 11/14)

A real estate broker (Broker), whether a corporation, partnership or sole proprietorship, may represent more than one buyer or seller. This multiple representation can occur through an individual licensed as a broker or salesperson or through different individual broker's or salespersons (associate licensees) acting under the Broker's license. The associate licensees may be working out of the same or different office locations.

**Multiple Buyers:** Broker (individually or through its associate licensees) may be working with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed with Broker and some may not. Broker will not limit or restrict any particular buyer from making an offer on any particular property whether or not Broker represents other buyers interested in the same property.

**Multiple Sellers:** Broker (individually or through its associate licensees) may have listings on many properties at the same time. As a result, Broker will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Broker and some may not. Broker will market all listed properties to all prospective buyers whether or not Broker has another or other listed properties that may appeal to the same prospective buyers.

**Dual Agency:** If Seller is represented by Broker, Seller acknowledges that broker may represent prospective buyers of Seller's property and consents to Broker acting as a dual agent for both seller and buyer in that transaction. If Buyer is represented by Broker, buyer acknowledges that Broker may represent sellers of property that Buyer is interested in acquiring and consents to Broker acting as a dual agent for both buyer and seller with regard to that property.

In the event of dual agency, seller and buyer agree that: (a) Broker, without the prior written consent of the Buyer, will not disclose to seller that the Buyer is willing to pay a price greater than the offered price; (b) Broker, without the prior written consent of the seller, will not disclose to the buyer that seller is willing to sell property at a price less than the listing price; and (c) other than as set forth in (a) and (b) above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the property to both parties.

**Offers not necessarily confidential:** Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer unless all parties and their agent have signed a written confidentiality agreement. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy and the instructions of the seller.

Buyer and seller understand that Broker may represent more than one buyer or more than one seller and even both buyer and seller on the same transaction and consents to such relationships.

Seller and/or Buyer acknowledges reading and understanding this Possible Representation of More Than One Buyer or Seller, Disclosure and Consent and agrees to the agency possibilities disclosed.

Seller [Signature] Lynda T. Bul, Chapter 7 Trustee Date 10.25.16  
 Seller \_\_\_\_\_ Date \_\_\_\_\_  
 Buyer [Signature] Artur Altunyan Date 10/18/2016  
 Buyer \_\_\_\_\_ Date \_\_\_\_\_  
 Real Estate Broker (Firm) NEIMAN REALTY CalBRE Lic # 00786112 Date 10-21-16  
 By [Signature] JEN NEIMAN CalBRE Lic # 001682498 Date 10-21-16  
 Real Estate Broker (Firm) VITUS REALTY, INC. CalBRE Lic # 01523496 Date 10/18/2016  
 By [Signature] NERSES ANANYAN CalBRE Lic # 01320968 Date 10/18/2016

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





CALIFORNIA ASSOCIATION OF REALTORS\*

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(Selling Firm to Buyer)  
(As required by the Civil Code)  
(C.A.R. Form AD, Revised 12/14)

(If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(k) and (m).  
When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

**SELLER'S AGENT**

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

**AGENT REPRESENTING BOTH SELLER AND BUYER**

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).

Buyer  Seller  Landlord  Tenant NERSES ANANYAN Date 10/18/2016

Buyer  Seller  Landlord  Tenant \_\_\_\_\_ Date \_\_\_\_\_

Agent TITUS REALTY, INC. BRE Lic. # 01523496

By NERSES ANANYAN BRE Lic. # 01320968 Date 10/18/2016  
(Salesperson or Broker-Associate)

Agency Disclosure Complied (Civil Code §2079.14):  
 • When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant.  
 • When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer. If the same form is used, Seller may sign here:  
NERSES ANANYAN Date 10/18/16  
 Seller/Landlord \_\_\_\_\_ Date \_\_\_\_\_  
 Lynda T. Bul, Chapter 7 Trustee

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



AD REVISED 12/14 (PAGE 1 OF 2)

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 1 OF 2)

Titus Realty, Inc., 14547 Titus St. Panorama City, CA 91402 Phone: 818.784.5511 Fax: 818.784.5521 299 N FAIRWAY  
 Nerves Ananyan Produced with zipForm® by zipLogic 18070 Fdcon Mde Road, Fraser, Michigan 48026 www.zipLogic.com



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

**ADDENDUM**

(C.A.R. Form ADM, Revised 12/15)

**No. 1**

The following terms and conditions are hereby incorporated in and made a part of the:  Purchase Agreement,  Residential Lease or Month-to-Month Rental Agreement,  Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind),  Other

dated October 18, 2016, on property known as 299 N Fairway Dr.  
Lake Arrowhead, CA 92352

in which Artur Altunyan is referred to as ("Buyer/Tenant")  
and Lynda T. Bul, Chapter 7 Trustee is referred to as ("Seller/Landlord").

**1. The land next to the property is included in this transaction, APN: 0334-461-11.**

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date October 18, 2016

Date 10/25/16

Buyer/Tenant Artur Altunyan

Seller/Landlord Lynda T. Bul, Chapter 7 Trustee

Buyer/Tenant \_\_\_\_\_

Seller/Landlord \_\_\_\_\_

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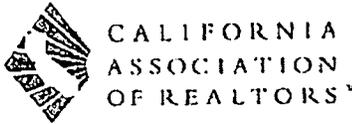
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ADM REVISED 12/15 (PAGE 1 OF 1)

**ADDENDUM (ADM PAGE 1 OF 1)**



**SELLER COUNTER OFFER No. 1**  
May not be used as a multiple counter offer.  
(C.A.R. Form SCO, 11/14)

Date October 21, 2016

This is a counter offer to the:  Purchase Agreement,  Buyer Counter Offer No. \_\_\_\_\_, or  Other \_\_\_\_\_ ("Offer").  
dated October 18, 2016, on property known as 299 N. Fairway Drive, Lake Arrowhead, CA 92352 ("Property").  
between Arthur Altunyan ("Buyer")  
and Lynda T. Bui, Chapter 7 Trustee for the Estate: Redmond ("Seller").

- 1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:
  - A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer or an addendum.
  - B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
  - C. OTHER TERMS: Price: \$399,000 Deposit to be 3% of accepted offer.

3 E. Financing terms are not a contingency to this sale.

7B (1-2) Buyer, 3 A & A Escrow and 365 Title Co.

7D (10) Buyer Appliance's included that are on the premises, sold "as is" condition

22 Omit

D. The following attached addenda are incorporated into this Seller Counter offer:  Addendum No. 2

- 2. EXPIRATION: This Seller Counter Offer shall be deemed revoked and the deposits, if any, shall be returned:
  - A. Unless by 5:00pm on the third Day After the date it is signed in paragraph 4 (if more than one signature then, the last signature date)(or by  AM  PM on (date)) (i) it is signed in paragraph 5 by Buyer and (ii) a copy of the signed Seller Counter Offer is personally received by Seller or \_\_\_\_\_, who is authorized to receive it.
  - OR B. If Seller withdraws it anytime prior to Acceptance (CAR Form WOO may be used).
  - OR C. If Seller accepts another offer prior to Buyer's Acceptance of this counter offer.

3. MARKETING TO OTHER BUYERS: Seller has the right to continue to offer the Property for sale. Seller has the right to accept any other offer received, prior to Acceptance of this Counter Offer by Buyer as specified in 2A and 5. In such event, Seller is advised to withdraw this Seller Counter Offer before accepting another offer.

4. OFFER: SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.  
Seller [Signature] Lynda T. Bui, Chapter 7 Trustee for the Date 10.25.16  
Seller \_\_\_\_\_ Date \_\_\_\_\_

5. ACCEPTANCE: I/WE accept the above Seller Counter Offer (If checked  SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a Copy.  
Buyer [Signature] Arthur Altunyan Date 10.26.16 Time 11:00  AM  PM  
Buyer \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_  AM  PM

CONFIRMATION OF ACCEPTANCE:  
(\_\_\_\_\_/\_\_\_\_\_) (Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Seller, or Seller's authorized agent as specified in paragraph 2A on (date) \_\_\_\_\_ at \_\_\_\_\_ AM/PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Seller or Seller's authorized agent whether or not confirmed in this document.

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SCO 11/14 (PAGE 1 OF 1)

SELLER COUNTER OFFER (SCO PAGE 1 OF 1)

**Addendum #2  
Additional Terms to Escrow Instructions**

These terms supplement amend and supercede the terms of the foregoing Escrow Instructions Between Lynda T. Bui, as Chapter 7 Trustee, for the Estate of Frank Joseph Redmond ("Seller") and Artur altunyan ("Buyer") as follows:

1. The Seller of the Real Property located at 299 N. Fairway Drive, Lake Arrowhead, CA 92352 (hereinafter the "Real Property") is Lynda T. Bui, as the Chapter 7 Bankruptcy Trustee for the Estate of Frank Joseph Redmond, Case No. bk-6:14 - 17941 MJ and not Lynda T. Bui as an individual.
2. To the degree that the Escrow Instructions conflict with this Addendum, this Addendum controls and the Escrow Instructions are not binding and are superceded.
3. To the degree that the Escrow Instructions contain disclosure or warranty/provisions, the undersigned is the Chapter 7 Bankruptcy Trustee and there will be no warranties or disclosures made concerning the Real Property.
4. Because the sale of the Real Property is a bankruptcy sale, any such sale shall be "as-is" and without any warranties (whatsoever), and any transfer shall be by Bankruptcy Trustee's Deed or Quitclaim Deed at the seller's option.
5. The Buyer and Escrow are aware that any and all sales of the Real Property are subject to Bankruptcy Court approval, are subject to overbid at the time of the court hearing for approval of the sale, and that any Bankruptcy Court Order Approving sale of the Real Property is subject to a fourteen (14) day waiting period after entry for escrow to close.
6. Any and all disputes in connection with the Escrow Instructions and/or this Addendum are subject to the exclusive jurisdiction and venue of the United States Bankruptcy Court, Case No. 6:14-bk-17941-MJ, in Riverside, California.
7. No fees shall be paid and no costs shall be reimbursed unless and until ordered by the Bankruptcy Court under 11 U.S.C. Section 330 and /or 331. Any and all such fees and costs shall be the sole and exclusive liability of and claim against the Bankruptcy Estate, and the Trustee, Lynda T. Bui, shall not have any personal liability on any account.
8. To the extent that liens, claims or co-owners, or other encumbrances against the property, if any, make the sale infeasible or unprofitable to the Bankruptcy Estate, the Seller may at his option terminate this Agreement and cancel any proposed sale under this Agreement. In such case, the Buyer and Escrow agree to fully and completely release Seller/Trustee from any and all obligations under this Agreement. In addition, any escrow shall be cancelled.

9. The Escrow Instructions and this Addendum shall automatically terminate in the event that the Real Property, for any reason, is not sold to the Buyer for any reason, including, but not limited to, the Real Property is no longer part of the Bankruptcy Estate and subject to the Trustee's administration, or that the Buyer's offer to purchase the Real Property is overbid at the time of the Bankruptcy court hearing, and in that event then one Buyer and Escrow agree to fully and completely release Seller/Trustee from any and all obligations under the Escrow Instructions and this Addendum. Further, any Escrow shall be cancelled.
10. In the event Sale is not consummated, Buyers exclusive remedy shall be the return of the Deposit Money in escrow.

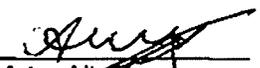
Seller

Dated: 10.25.16

  
\_\_\_\_\_  
Lynda T. Bui,  
Chapter 7, Bankruptcy  
Trustee

Buyer

Dated: 10.26.16

  
\_\_\_\_\_  
Artur Attuyvan

# **EXHIBIT 3**

14485

**CRESTLINE-LAKE ARROWHEAD WATER AGENCY**  
P.O. Box 3680  
Crestline, California 92325

DATE Jan 17, 2017

RECEIVED FROM Artes Attorneys

THE SUM OF Two Thousand One Hundred Thirty Eight <sup>and 00/100</sup> DOLLARS \$ 2,138.00

FOR GR 345-501-0100

AMOUNT OF ACCOUNT \$ 2,138.00

AMOUNT PAID \$ \_\_\_\_\_

BALANCE DUE \$ \_\_\_\_\_

CASH     CHECK     M.O.     CREDIT CARD

*Thank You!*

BY Sherrick K. Patton

# **EXHIBIT 4**

# Trustee Insurance Agency

Trustee Insurance Agency  
2813 West Main  
Kalamazoo, MI 49006

(877) 237-8167  
JAC@trusteeresourcegroup.com

## Statement

Date	Statement #
01/18/2017	2819

To

Lynda Bui  
Case No: 14-17941  
(Redmond)  
3750 University Avenue  
Suite 670  
Riverside, CA 92501

Date	Activity	Amount	Balance
12/31/2014	Balance Forward		0.00
06/02/2015	Invoice #4824 --- 05/29/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Coverage Period: 5/29/15 - 8/28/15 Deductible: \$2,500.00 = \$1,350.00 --- 05/29/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$30.00	1,380.00	1,380.00
08/29/2015	Invoice #4834 --- 05/29/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Coverage Period: 8/29/15 - 8/31/15 Deductible: \$2,500.00 = \$43.55 --- 05/29/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$0.97	44.52	1,424.52
09/01/2015	Invoice #5292 --- 09/01/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 09/01/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	1,884.52
10/01/2015	Invoice #5463 --- 10/01/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 10/01/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	2,344.52
11/01/2015	Invoice #5620 --- 11/01/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	2,804.52
	Continue to the next page		

Date	Activity	Amount	Balance
12/01/2015	--- 11/01/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #5816 --- 12/01/2015 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	3,264.52
01/01/2016	--- 12/01/2015 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #5971 --- 01/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	3,724.52
02/01/2016	--- 01/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6102 --- 02/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	4,184.52
03/01/2016	--- 02/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6237 --- 03/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	4,644.52
04/01/2016	--- 03/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6409 --- 04/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	5,104.52
05/01/2016	--- 04/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6559 --- 05/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	5,564.52
06/01/2016	--- 05/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6732 --- 06/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	6,024.52
07/01/2016	--- 06/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 Invoice #6881 --- 07/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00	460.00	6,484.52
	--- 07/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00  Continue to the next page		

Date	Activity	Amount	Balance		
08/01/2016	Invoice #7009 --- 08/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 08/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	6,944.52		
09/01/2016	Invoice #7195 --- 09/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 09/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	7,404.52		
10/01/2016	Invoice #7296 --- 10/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 10/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	7,864.52		
11/01/2016	Invoice #7542 --- 11/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 11/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	8,324.52		
12/01/2016	Invoice #7662 --- 12/01/2016 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 12/01/2016 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00	460.00	8,784.52		
01/01/2017	Invoice #7821 --- 01/01/2017 299 Fairway Drive, Lake Arrowhead, CA 92535 Insured Value: \$600,000.00 Deductible: \$2,500.00 = \$450.00 --- 01/01/2017 General Liability: \$1 million per occurrence/\$2 million aggregate = \$10.00 --- 01/01/2017 Finance Charge: 5/29/15 - 1/31/17 = \$647.12	1,107.12	9,891.64		
Current Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Amount Due
\$0.00	\$1,107.12	\$460.00	\$460.00	\$7,864.52	\$9,891.64

# **EXHIBIT 5**

## Rika Kido

---

**From:** Jan Neiman <janneimanbroker@gmail.com>  
**Sent:** Tuesday, January 31, 2017 12:08 PM  
**To:** Rika Kido  
**Subject:** Fwd: Re: 299 N. Fairway Drive, Lake Arrowhead, CA

Here you go

----- Forwarded Message -----

**Subject:** Re: 299 N. Fairway Drive, Lake Arrowhead, CA  
**Date:** Tue, 31 Jan 2017 19:22:50 +0000 (UTC)  
**From:** Nick Ananyan <[titusrealty@yahoo.com](mailto:titusrealty@yahoo.com)>  
**Reply-To:** Nick Ananyan <[titusrealty@yahoo.com](mailto:titusrealty@yahoo.com)>  
**To:** Jan Neiman <[janneimanbroker@gmail.com](mailto:janneimanbroker@gmail.com)>

Yes

**Nick Ananyan**  
*Broker*

**Titus Realty, Inc.**  
**14547 Titus St #201**  
**Panorama City, CA 91402**  
(818) 786-5511 Phone  
(818) 786-5521 Fax  
[titusrealty@yahoo.com](mailto:titusrealty@yahoo.com)

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**From:** Jan Neiman <[janneimanbroker@gmail.com](mailto:janneimanbroker@gmail.com)>  
**To:** Nick Ananyan <[titusrealty@yahoo.com](mailto:titusrealty@yahoo.com)>  
**Sent:** Tuesday, January 31, 2017 10:57 AM  
**Subject:** 299 N. Fairway Drive, Lake Arrowhead, CA

The Trustee just informed me, that in order for her to file the motion, she needs the total Commission to be 4%. 2% Listing Office and 2%

Selling office. Do you agree?

--

Neiman Realty Lic. # 00786172  
Jan Neiman, Broker Lic. # 00680498  
818-516-3779